

**JULIO T. DE LA CRUZ, (SUBSTITUTED BY ROSITA C. DE LA CRUZ,
ELIZABETH, JULIO, JR., EMMANUEL, EVELYN, ELAINE, JULIO JESUS
AND EMILY, ALL SURNAMED DE LA CRUZ),
PLAINTIFFS-APPELLEES...**

G.R. No. L-26936. August 19, 1977

Ponente: CONCEPCION, JR., J.

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CONCEPCION, JR., J.:

While the South Super Highway was being constructed, the late Julio T. de la Cruz individually contacted owners of land in the vicinity. He was able to gather a group owning a total of 129 hectares, hereinafter referred to as Parañaque estate, which, out of his efforts, he was able to sell to the People's Homesite and Housing Corporation or PHHC for short.

On November 2, 1959, Earthwealth (Phil.), Inc., thru its General Manager, Antonio Martinez, asked aforementioned Julio T. de la Cruz to make legal representations and to negotiate in behalf of the former for the acquisition of the Parañaque estate from the PHHC for P3.50 a square meter, with the understanding that if he should succeed in the negotiation for the purchase of said estate at a price much lower than P3.50, he would be entitled to the difference between the actual purchase price and the said amount as compensation for his legal services.[1]

However, the said parties, in an "Amended Memorandum Agreement"[2] dated June 15, 1960, modified their agreement of November 2, 1959, thus -

"WHEREAS, the parties hereto signed an agreement between them on November 2, 1959;

"WHEREAS, in view of developments in the case, the parties have deemed it necessary to amend their original agreement of November 2, 1959;

"WHEREAS, the CLIENT has agreed to buy only 100 hectares of the PHHC Parañaque Estate and pay a price as high as P3.80 per square meter, under such terms and conditions as may be imposed by the People's Homesite and Housing Corporation and the Cabinet and/or the President of the Philippines, and that in addition thereto, the further sum of P320,000.00 as attorney's fees for the ATTORNEY herein and 2 hectares of the said Parañaque Estate to be acquired by the CLIENT herein, title to which shall be conveyed free of any liens and encumbrances upon the subdivision and development thereof;

"WHEREAS, in addition to the aforesaid sum set aside for attorney's fees, the CLIENT herein agrees and undertakes to provide the ATTORNEY the necessary expenses in connection with said purchase, including representation and other legal expenses;

"WHEREAS, the CLIENT herein agrees to authorize the ATTORNEY to solicit such assistance and employ such persons as may be necessary to carry out the mission assigned to him, provided that the ATTORNEY shall respond for the payment of their compensation out of the sum of P320,000.00 set aside for him;

"NOW, THEREFORE, IT IS MUTUALLY AGREED, by the undersigned parties that their AGREEMENT of

November 2, 1959, is hereby amended and substituted with their new agreement stipulated herein; and

"FINALLY, it is understood that the CLIENT herein shall undertake to pay the ATTORNEY the sums above-stated upon the approval of the purchase of the PHHC Parañaque Estate, through his legal representations, by the Cabinet and/or the President of the Philippines."

On March 22, 1961, aforesaid Earthwealth (Phil.), Inc., and Better Living, Inc., entered into an agreement denominated as "Absolute Conveyance of Right to Buy Real Estate With All The Obligations Thereto Appertaining And/Or Arising Therefrom", which reads as follows -

"I. WHEREAS, the offer of Earthwealth to purchase the 129 hectares of land of the People's Homesite & Housing Corporation or PHHC at Parañaque, Rizal, was approved by the Cabinet at its meeting on December 14, 1960, at the unit price of P3.80 per sq. m., which property consisting of several parcels of land are described in the attached list herein identified as Annex-A;

"II. WHEREAS, the said offer of Earthwealth to buy the 129 hectares afore-stated was likewise before approved under Resolution No. 38, dated July 21, 1960, of the PHHC Board of Directors, and pursuant to the let-ter of its General Manager Bernardo Torres, dated December 16, 1960 notifying Earthwealth of the acceptance and approval of its offer, Earthwealth has deposited on December 27, 1960, with the PHHC, the amount of P100,000.00 under Official Receipt No. C-2279486 as de-posit for the purchase price thereof, thus establishing its right to buy the property listed in Annex-A;

"III. WHEREAS, Earthwealth under its Resolution No. 103 dated February 17, 1961, has agreed and decided to convey and transfer in a way irrevocable and absolute said right to buy and/or whatever lien or interest it has on the 129 hectares of land of the PHHC, unto the Better Living, Inc., its successors, assigns, executors and administrators together with all the obligations thereto appertaining and/or arising therefrom;

"IV. WHEREAS, among the obligations Earthwealth is transferring with this conveyance and to be assumed in full and without recourse by the Better Living, Inc., are (1) purchase price of the land, (2) undertakings or obligations enumerated in the deed of sale between Earthwealth and the PHHC; (3) commitments of Earthwealth to the Mahogany Construction Company, Raul Lopez & Company, Top Service, Luzon Surveying Company; and (4) Sundries which Earthwealth, one way or another, are liable under the circumstances;

"V. WHEREAS, the Better Living, Inc. fully aware of the foregoing and acting under the authority of its Resolution No. 1 dated March 22, 1961, agrees with Earthwealth to purchase the latter's rights and interest to buy the PHHC 129 hectares of land described in the aforesaid Annex-A with all of the obligations mentioned in the preceding paragraph IV; that Earthwealth, duly authorized representative of Better Living, Inc. shall continue to negotiate with the PHHC for the final sale and registration of these properties in its name, and thereafter, Earthwealth shall surrender the titles thereof to the Better Living, Inc.;

"VI. NOW THEREFORE, for and in consideration of the amount of P25,000.00 in hand paid by the Better Living, Inc. unto Earthwealth, receipt of the whole amount is hereby acknowledged and confessed, and other valuable considerations herein, Earthwealth, by these presents, sells, conveys and transfer in a way absolute and irrevocable all its afore-stated rights and interests to buy the PHHC 129 hectares of land listed in Annex-A with all the obligations, thereto appertaining, unto the Better Living, Inc., its successors, as-signs, executors and administrators free from all claims of any person whomsoever, other than above enumerated."[3]

On March 29, 1961, the PHHC and Earthwealth (Phil.) Ltd. executed a "Contract of Sale", whereby the former, for and in consideration of P3.80 a square meter, sold to the latter and its successors and assigns, absolutely and irrevocably, 1,003,345 square meters of its properties situated in Parañaque, Rizal, subject to the following terms and conditions -

"1. MANNER OF PAYMENT

EARTHWEALTH shall pay directly to the PHHC the total purchase price as agreed upon as follows:

- (a) P100,000.00 upon being formally notified of the acceptance of offer, receipt of which amount is hereby acknowledged;
- (b) P1,400,000.00 upon the signing of this contract of sale, receipt of which amount is also hereby acknowledged;
- (c) The balance of the purchase price after deducting the above stated amounts will be paid to the PHHC within a period of sixty (60) days from and after the date this deed of sale is annotated on the titles of the PHHC above listed, it being expressly understood that the subject properties will remain in the name of the PHHC until the full payment of the purchase price;
- (d) In addition to the above amounts, EARTHWEALTH shall also pay PHHC on the same day that the balance mentioned in the next preceding paragraph hereof (I-c) is agreed to be paid, not as part of the purchase price but as reim-bursement to the PHHC, the interest that the PHHC shall have paid the GSIS from March 24, 1960 to December 31, 1960 on the amount that the GSIS should have credited the PHHC as of March 23, 1960 for the Parañaque property;

2. Within sixty (60) days from the date of registration of this deed of sale, the development of and construction of the houses on the area purchased will be started by the EARTHWEALTH and the completion thereof shall be effected within five (5) years from said registration provided that at least twenty percent (20%) of the work shall be finished each year;

3. EARTHWEALTH will respect and step into the shoes of the PHHC in regard to the right-of-way agreement entered into by and between the PHHC and Maura Santos-Pascual, EARTHWEALTH hereby agreeing to give Maura Santos-Pascual out of its agreed area (1,003,345) square meters as said EARTHWEALTH and Maura Santos-Pascual may agree, in exchange for the area to be covered by the road to be constructed on the latter's property to provide a right-of-way from the New South Super Highway to the subject property, and in this connection the PHHC will undertake to secure the conformity of Maura Santos-Pascual to this arrangement within a period of sixty (60) days from the signing and registration of this deed of sale, provided that all negotiations with Maura Santos-Pascual shall be undertaken by and in the name of the PHHC;

4. At its own expense, EARTHWEALTH will construct the road, not less than 30 meters wide, connecting the PHHC retained area with the new South Super Highway, construction to begin immediately upon approval by the PHHC Board if this Deed of Sale, and for this purpose, EARTHWEALTH may take immediate possession of the subject properties, that is, the portion being sold to EARTHWEALTH as well as the portion to be retained by the PHHC;

5. EARTHWEALTH will provide a consolidated development plan of the entire area of 129 hectares and under such terms and conditions as will be agreed later on and subject to the usual requirements of government contracts, EARTHWEALTH will undertake the construction of roads, drainage, and gutters within the PHHC retained area as well as the subdivision of the individual lots therein, with the understanding that all expenses (actual costs) to be incurred by EARTHWEALTH for the development of area to be retained by the PHHC except the two main road, which shall be fully constructed at the expense of EARTHWEALTH, shall be reimbursed by the PHHC to the EARTHWEALTH and that EARTHWEALTH will be allowed to rent at reasonable rates PHHC available equipment;

6. In the resale of the units to be developed and constructed by the EARTHWEALTH, a portion equivalent to not

less than 20% of the total area to be acquired by the EARTHWEALTH under this contract shall be sold exclusively to recommendees, qualified under PHHC rules and regulations, of the Secretary of National Defense who are disabled, veterans, war widows, and orphans, of the SWA and the COGEO, provided that with respect to the rest of the whole area, qualified PHHC applicants shall have priority, provided that this condition shall be binding only for a period of one (1) year from that date that resale shall have become legally possible within the area herein sold by PHHC to EARTHWEALTH within the 20% portion;

7. All planning and development of the land as well as the houses within the whole area acquired by EARTHWEALTH under this contract as well as their pricing in the resale shall be made in consultation with the PHHC to the end that said resale may be within the spirit of the objectives of the PHHC charter and in accordance with the low cost housing program of the administration, provided that with respect to the areas reserved for the recommendees of the Secretary of National Defense the SWA and the COGEO, the resale price shall be such as would make the amortization as low as P35.00 to P50.00 per months for a period of 15 to 20 years;

8. It is agreed that the PHHC shall pay the expenses for documentary stamps whereas EARTHWEALTH will pay for the expenses of annotation, registration and issuance of new titles and other legal expenses incident to this contract;

9. Failure of EARTHWEALTH to comply with its obligations under any of the foregoing terms and conditions shall be a ground for immediate rescission of this contract, with the understanding that in case this contract of sale is rescinded through the fault of EARTHWEALTH, the PHHC will be entitled to retain the P100,000.00 paid pursuant to Paragraph I (a) hereof, provided that should the damages of the PHHC exceed P100,000.00, said P100,000.00 shall be deducted by PHHC from whatever amount PHHC shall have to return to EARTHWEALTH as a result of the rescission, with the understanding, that, on the other hand, PHHC shall pay at cost the value of all the development and improvements which EARTHWEALTH may have already finished at the time of said rescission, and it being finally understood that title to all the lands herein sold shall immediately revert to the PHHC upon said rescission, free from all liens and encumbrances;

10. GUARANTEE

EARTHWEALTH will put up a surety bond in the amount of P500,000.00 with a surety company acceptable to the PHHC, to guarantee faithful compliance with its obligations under this contract, which bond must be submitted to the PHHC within thirty (30) days after the signing of this contract;

11. This contract shall be subject to review and approval by the Auditor General pursuant to Administrative Order No. 290 dated February 3, 1957 of the President of the Philippines before being considered enforceable."[4]

As Better Living, Inc. and Earthwealth, Ltd., had allegedly failed to comply with their obligation to Julio T. de la Cruz, he filed a complaint against them for specific performance. Subsequently, he amended his complaint by including Tropical Homes, Inc. as party defendant.

After the defendants had filed their respective answers, and after the parties had submitted stipulations of facts, additional evidence was adduced by them. How-ever, during the pendency of this case in the court below, the original plaintiff, Julio T. de la Cruz, died. Conse-quentially, a motion for substitution was filed by his widow and children which was granted.

On January 18, 1966, decision was rendered "in favor of the plaintiff and against the defendants jointly and severally, for P401,000.00, with interest at the legal rate from the filing of the complaint, and another P10,000.00 for attorney's fees, and the costs of the suit."[5]

Defendants Better Living, Inc. and Tropical Homes, Inc. now come before us by way of the instant appeal.

Lately, however, the present plaintiffs-appellees and appellant Tropical Homes, Inc. entered into a "Com-promise Agreement", which is in the following tenor -

"COMPROMISE AGREEMENT

Plaintiffs-appellees and defendant-appellant Tropical Homes, Inc., assisted by their respective counsel, desiring to settle amicably and terminate their controversies in this case, have agreed, as they do hereby agree, by way of a compromise, as follows:

1. That for and in consideration of the sum of One Hundred Fifty Thousand (P150,000.00) Pesos, Philippine Currency, paid by defendant-appellant Tropical Homes, Inc. unto plaintiffs-appellees in the form of the following checks, namely:

Traders Royal Bank Check No. 33651

dated June 23, 1975 - - - - -

P 70,000.00

Traders Royal Bank Check No. 33652

dated July 23, 1975 - - - - -

10,000.00

Traders Royal Bank Check No. 33653

dated August 23, 1975 - - - - -

10,000.00

Traders Royal Bank Check No. 33654

dated September 23, 1975 - - - - -

10,000.00

Traders Royal Bank Check No. 33655

dated October 23, 1975 - - - - -

10,000.00

Traders Royal Bank Check No. 33656

dated November 23, 1975 - - - - -

10,000.00

Traders Royal Bank Check No. 33657

dated December 23, 1975 - - - - -

10,000.00

Traders Royal Bank Check No. 33658

dated January 23, 1976 - - - - -

10,000.00

Traders Royal Bank Check No. 33659

dated February 23, 1976- - - - -

10,000.00

T o t a l - - - - -

P150,000.00

all of which checks plaintiffs-appellees acknowledged having received, plaintiffs-appellees do hereby relinquish and waive, as they have relinquished and waived, in favor of defendant-appellant Tropical Homes, Inc., all of their rights, interests, and participation in and to their cause or causes of action embodied in their amended complaint dated August 16, 1963 in this case, as well as in and to the judgment on the merits based thereon of the Court a quo, subject of the present appeal;

2. That defendant-appellant in consequence also relinquishes and waives whatever rights of action it has or may have, if any, against plaintiffs-appellees and/or the original plaintiff, on the matters involved in this case;

3. That this compromise agreement will be submitted to the Hon. Supreme Court for approval and reduction into judgment, without special pronouncement as to costs."[6]

They, therefore, pray that the compromise agreement be approved and that judgment be rendered accordingly.

Finding the compromise agreement in order, and not against the law, morals and public policy, We hereby approve the same.

Thus, only the appeal of appellant Better Living, Inc. remains to be resolved. In its attempt to avoid any liability to the appellees, the remaining appellant maintains that the lower court erred -

I

IN FINDING THAT DEFENDANT-APPELLANT BETTER LIVING, INC., HAD ASSUMED THE OBLIGATION TO PAY PLAINTIFF-APPELLEE'S CLAIM AND IN HOLDING IT JOINTLY AND SEVERALLY LIABLE WITH THE OTHER DEFENDANT-APPELLANTS;

II

IN SENTENCING DEFENDANT-APPELLANT BETTER LIVING, INC. TO PAY P401,000.00, WITH INTEREST AT THE LEGAL RATE FROM THE FILING OF THE COMPLAINT, SUCH AMOUNT BEING UNREASONABLE AND UNCONSCIONABLE COMPENSATION FOR LEGAL SERVICES, AND TO PAY ANOTHER P10,000.00 FOR ATTORNEY'S FEES, AND THE COSTS OF SUIT; AND

III

IN FAILING TO DECLARE VOID AND UNENFORCEABLE PLAINTIFF'S AGREEMENTS WITH DEFENDANT-APPELLANT EARTHWEALTH (PHIL.) LTD. AS CONTRARY TO PUBLIC POLICY AND TO LAW AND TO DECLARE THAT ANYWAY PLAINTIFF HAD NOT FULFILLED OR PERFORMED HIS AGENCY IF HE WAS AGENT.

Appellant Better Living, Inc. pretends that it did not assume the obligation of Earthwealth (Phil.), Ltd. to the appellee. This is quite far from the truth. For, under the "Absolute Conveyance of Right To Buy Real Estate With All The Obligation Thereto Appertaining And/Or Arising Therefrom", executed on March 12, 1961[7] "among

the obligations Earthwealth is transferring with this conveyance and to be assumed in full and without re-course by the Better Living, Inc. are: x x x (4) Sundries which Earthwealth, one way or another, are liable under the circumstances; x x x." It further says -

"VI. NOW THEREFORE, for and in consideration of the amount of P25,000.00 in hand paid by the Better Living, Inc. unto Earthwealth, receipt of the whole amount is hereby acknowledged and confessed, and other valuable consideration herein, Earthwealth, by these presents, sells, conveys and transfers in a way absolute and irrevocable all its aforesaid rights and interests to buy the PHHC 129 hectares of land listed in Annex-A with all the obligations thereto appertaining, unto the Better Living, Inc., its successors, assigns, executors and administrators free from all claims of any person whomsoever, other than those above enumerated."

Added to the foregoing is the fact that appellant Better Living, Inc. had already paid to the appellee a total of P24,000.00 on account of the latter's fees.[8] These circumstances taken together crystalize the assumption by said appellant of the obligation of Earthwealth (Phil.), Ltd. to the appellee.

Anent the second and third assignments of error of appellant Better Living, Inc. suffice it to say that it is now too late at this instance for said appellant to assail appellee's compensation as "unreasonable and unconscionable", simply because it did not raise such issue in its answer to appellee's complaint or in its amended answer to the amended complaint.[9]

In connection with appellee's services, he elucidated thereon on the witness stand, thus -

x x x x x x x x

"Q. How come, Mr. de la Cruz, that your fees for all your services total P296,000.00 plus two hectares, according to this Exhibit H?

A. Well, it was denominated attorney's fees because I happened to be a lawyer, but actually, the services I performed in this was in the nature of promoting the business of the defendants and it was based on a contingent basis. I was to be paid only if I succeeded, and the amount involved in the transaction runs to 100 hectares x P4.20 -- P4,200,000.00 and the defendants, through my efforts, are now profiting from that; as a matter of fact, selling the property at P38.00 per square meter.[10]

x x x x x x x x

"Q. Mr. de la Cruz, I invite your attention to Exhibit H appearing on page 171 of the records, particularly to the last paragraph thereof, which reads: "Finally, it is understood that the Client herein shall undertake to pay the Attorney the sums above-stated upon the approval of the purchase of the PHHC Parañaque Estate through his legal representations, by the Cabinet and/or the President of the Philippines." Is it not a fact, Atty. de la Cruz that your agreement, particularly with respect to that portion quoted, refers only to your rendering legal services for the purpose stated therein, that is, to secure the approval of the purchase of the PHHC, Parañaque Estate by the Cabinet and the President of the Philippines?

A. May I have the exhibit please? (Witness handed the document, Exhibit H). Well, actually, as I have explained in my direct examination, the contract that we signed, which is this document you are referring to, was in consideration of the services I had rendered for Earthwealth referred to therein as CLIENT, and that the services therein contemplated not only legal but also promotional. Now, in connection with my appearance before the Cabinet which required legal services, I had to appear before the Cabinet in my capacity as a lawyer, especially so because before the case was brought up to the Cabinet, I remember having made the testimony that I had a hard time convincing the Department of Justice, the Secretary of Justice, as to the feasibility and reasonableness of the action taken by the PHHC in connection with my client's views, because the Secretary of Justice rendered an opinion, very much adverse to the Earthwealth, and this opinion is the one appearing on pages 186 to 188, which is Exhibit M for the plaintiff. And because of this opinion I had to file a memorandum

with the Cabinet, dated December 1, 1960, copy of which appears on pages 189 to 192 of the expediente which is marked as Exhibit N for the plaintiff, to contradict the opinion of the Secretary of Justice. Subsequent to that time, when the Cabinet met, resulting in the approval of the sale as shown by the letter dated December 14, 1960, I was called upon to argue orally before the Cabinet the transaction of my client Earthwealth with the PHHC to justify the purchase of the property so much so that this reference you made to the contract, to the portion of the contract you made, refers to legal representation insofar as appearing before the Cabinet is concerned." [11]

It is thus quite clear from the foregoing that the appellee's services were those of a real estate broker and a lawyer.

Better Living, Inc. has adopted the claim of Tropical Homes, Inc. that the Memorandum Agreement, wherein Earthwealth had agreed to pay the late plaintiff, Julio de la Cruz the amount of P320,000.00 for the latter's services, is in violation of Republic Act No. 3019, the Anti-Graft and Corrupt Practices Act and therefore, inexistent and void from the beginning. In support thereof, the appellant points to certain admissions made by the late plaintiff during the trial that the sale to Earthwealth was mainly due to his representation and close personal relations with the then General Manager of the PHHC which actions amounted to "influence peddling" within the concept of the Anti-Graft Law. [12]

The Anti-Graft and Corrupt Practices Act (Rep. Act No. 3019) was enacted on August 17, 1960 and Section 4 of the said act provides, among others, that it shall be unlawful for any person having family or close personal relation with any public official to capitalize or exploit or take advantage of such family or close personal relation by directly or indirectly requesting or receiving any present, gift or material or pecuniary advantage from any other person having some business, transaction, application, request or contract with the government, in which such public official has to intervene. Family relation shall include the spouse or relatives by consanguinity or affinity in the third civil degree. The word "close personal relation" shall include close personal friendship, social and fraternal connections, and professional employment all giving rise to intimacy which assures free access to such public officer.

Here, it is contended that there is a violation of the Anti-Graft Law since the late plaintiff admitted that there existed a close intimacy between him and Bernardo Torres, the then General Manager of the PHHC; that the late plaintiff did capitalize upon, exploit and take advantage of such close personal relation; that plaintiff capitalized and took advantage of such relation by directly receiving pecuniary advantage from the Earthwealth through their agreement, [13] and that the public official he influenced, Mr. Bernardo Torres had to intervene in the transaction which Earthwealth had with the PHHC of which Mr. Torres was the Chairman of the Board and General Manager.

Indeed, it is very clear on the records that the late plaintiff-appellee had capitalized on his friendship and intimacy with the General Manager of the PHHC in promoting the sale of the Parañaque Estate to his client, Earthwealth. The exploitation of friendship, however, ceased on July 21, 1960, when the PHHC Board of Directors approved the said sale through its Resolution No. 38. [14] Considering that the Anti-Graft Law was enacted subsequent thereto, on August 17, 1960, the provisions of said law cannot be given retroactive effect and invoked against the late plaintiff-appellee. Although the sale was finally approved by the President and/or his Cabinet on December 14, 1960, [15] there is no evidence to show that the late Julio de la Cruz is a close intimate of the President and capitalized on such close personal relations in the final approval of the sale.

WHEREFORE, and in view of the aforequoted compromise agreement executed by the appellees on one hand and appellant Tropical Homes, Inc., and the "Joint Motion For Judgment and Termination of Case" submitted by appellants Tropical Homes, Inc. and Better Living, Inc., the judgment appealed from is hereby modified, thus:

1. Appellant Tropical Homes, Inc. is hereby relieved from further liability to the appellees;

2. Appellant Better Living, Inc. is sentenced to pay the appellees the sum of P251,000.00 with legal interest thereon from the filing of the complaint, and attorney's fees in the amount of P10,000.00. The appealed judgment is affirmed in all other respects, with costs against appellant Better Living, Inc.

SO ORDERED.

Martin, Santos, and Guerrero, JJ., concur.

Antonio, (Acting Chairman), and Aquino, JJ., in the result.

Fernando and Barredo, JJ., no part.

Martin and Guerrero, JJ., were designated to sit in the Second Division.

[1] Exhibit C.

[2] Exhibit H.

[3] Exhibit V.

[4] Exhibit W.

[5] Rec. on Ap., pp. 104-130.

[6] Rollo, p. 301.

[7] Exhibit V.

[8] p. 16, t.s.n., March 1, 1965; Exhs. HH, HH-1; JJ, JJ-1; KK, MM, MM-1 and OO.

[9] Moran's Comments on the Rules of Court, 1970 Ed., Vol. 2, p. 504.

[10] t.s.n., pp. 15-16, March 1, 1965.

[11] t.s.n., pp. 26-28, March 24, 1965.

[12] The testimony reads in part, as follows:

"Q. Now going over the exhibits, I noted Mr. de la Cruz a memorandum by the then Manager of the People's Homesite and Housing Corporation, Mr. Bernardo Torres addressed to the Pre-sident of the Philippines, justifying the Earthwealth contract, which is Exhibit J of the records, appearing on pages 173 to 177. Have you had occasion to read this exhibit before you have prepared your memorandum to the Cabinet, Exhi-bit 'N'?

A Yes, as a matter of fact, I was the one who prepared this before Mr. Torres' presence. We worked together to jus-tify the sale of the property and I can remember that this was even typed in my own typewriter.

Q And it was signed by Mr. Torres after you prepared it?

A We worked together to justify the sale.

Q Knowing, as you alleged, that the decision, as you testify now, to dispose of the Parañaque Estate in favor of third parties, par-ticularly Earthwealth, was your suggestion, did you not protest to Mr. Torres that no mention was ever made of the fact that you made such suggestion in Exhibit 'J'?

A There was no need for that. All that I was interested was that the sale would go through. I did not want to claim credit for it, and it would have been ridiculous for Mr. Torres to make mention there that this memorandum was made by Mr. de la Cruz.

Q Will you be kind enough to inform the Hon. Court why Mr. Torres had such confidence in you to allow you to prepare a memorandum for him addressed to the President of the Philippines?

A In the first place, I was the one who grouped together these properties, as I said during my direct examination, and I know the history and background of these properties. Furthermore, Mr. Torres and I are from the same province, and he knows me intimately, and he has trust in me, that is why he asked me to collaborate with his office to prepare the memorandum to justify the sale, especially in the light of the opinion already rendered by the Department of Justice." (t.s.n., pp. 35-36, Hearing of March 25, 1965.)

[13] Exhibit H.

[14] Exhibit I.

[15] Exhibit O.

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