

JULIAN A. ALZAGA, MEINRADO ENRIQUE A. BELLO, AND MANUEL S. SATUITO, PETITIONERS, VS. HONORABLE SANDIGANBAYAN (2ND DIVISION) AND PEOPLE OF THE PHILIPPINES, RESPONDENTS.

G.R. NO. 169328. October 27, 2006

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This Petition for Certiorari assails the April 25, 2005 and August 10, 2005 Resolutions[1] of the Sandiganbayan in Criminal Case Nos. 25681-25684, which respectively reversed the May 27, 2004 Resolution[2] of the court a quo and denied petitioners' Motion for Reconsideration.[3]

On October 7, 1999,[4] four separate Informations for violation of Section 3(e) of Republic Act (R.A.) No. 3019 were filed against petitioners Julian A. Alzaga, Meinrado Enrique A. Bello and Manuel S. Satuito relative to alleged irregularities which attended the purchase of four lots in Tanauan, Batangas, by the Armed Forces of the Philippines Retirement and Separation Benefits System (AFP-RSBS). Alzaga was the Head of the Legal Department of AFP-RSBS when one of the lots was purchased. Bello was a Police Superintendent and he succeeded Alzaga as Head of the Legal Department. It was during his tenure when the other three lots were purchased. Both were Vice Presidents of AFP-RSBS. On the other hand, Satuito was the Chief of the Documentation and Assistant Vice President of the AFP-RSBS.[5]

Petitioners filed their respective Motions to Quash and/or Dismiss the informations alleging that the Sandiganbayan has no jurisdiction over them and their alleged offenses because the AFP-RSBS is a private entity created for the benefit of its members and that their positions and salary grade levels do not fall within the jurisdiction of the Sandiganbayan pursuant to Section 4 of Presidential Decree (P.D.) No. 1606 (1978),[6] as amended by R.A. No. 8249 (1997).[7]

On May 27, 2004, the Sandiganbayan granted petitioners' motions to dismiss for lack of jurisdiction.

However, in a Resolution dated April 25, 2005, the Sandiganbayan reversed its earlier resolution. It held that the AFP-RSBS is a government-owned or controlled corporation thus subject to its jurisdiction. It also found that the positions held by Alzaga and Bello, who were Vice Presidents, and Satuito who was an Assistant Vice President, are covered and embraced by, and in fact higher than the position of managers mentioned under Section 4 of P.D. No. 1606, as amended, thus under the jurisdiction of the Sandiganbayan.

Petitioners' Motion for Reconsideration[8] was denied, hence, this petition raising the following issues:

I

THE COURT A QUO COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECIDING A QUESTION OF SUBSTANCE IN A MANNER NOT ACCORD WITH LAW AND APPLICABLE JURISPRUDENCE THAT IT HAS JURISDICTION OVER THE PERSON OF THE PETITIONERS

II

THE COURT A QUO COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECIDING A QUESTION OF SUBSTANCE IN A MANNER NOT IN ACCORD WITH LAW OR JURISPRUDENCE THAT THE ARMED FORCES RETIREMENT AND SEPARATION BENEFITS SYSTEM (AFP-RSBS) IS A GOVERNMENT-OWNED OR CONTROLLED CORPORATION

III

THE COURT A QUO COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECIDING A QUESTION OF SUBSTANCE IN A MANNER NOT IN ACCORD WITH LAW OR JURISPRUDENCE THAT PETITIONERS ALZAGA AND BELLO[,] WHO WERE BOTH VICE-PRESIDENTS OF THE AFP-RSBS[,] AND PETITIONER SATUITO[,] WHO WAS ASSISTANT VICE-PRESIDENT OF THE AFP-RSBS[,] ARE COVERED AND EMBRACED BY THE POSITION "MANAGERS" MENTIONED UNDER SECTION 4 a (1) (g) OF PD NO. 1606, AS AMENDED.[9]

The petition is without merit.

The AFP-RSBS was established by virtue of P.D. No. 361 (1973)[10] in December 1973 to guarantee continuous financial support to the AFP military retirement system, as provided for in R.A. No. 340 (1948).[11] It is similar to the Government Service Insurance System (GSIS) and the Social Security System (SSS) since it serves as the system that manages the retirement and pension funds of those in the military service.[12]

The AFP-RSBS is administered by the Chief of Staff of the AFP through a Board of Trustees and Management Group,[13] and funded from congressional appropriations and compulsory contributions from members of the AFP; donations, gifts, legacies, bequests and others to the system; and all earnings of the system which shall not be subject to any tax whatsoever.[14]

Section 4 of P.D. No. 1606, as further amended by R.A. No. 8249, grants jurisdiction to the Sandiganbayan over:

a. Violations of Republic Act No. 3019, as amended, otherwise known as the Anti-graft and Corrupt Practices Act, Republic Act No. 1379, and Chapter II, Section 2, Title VII, Book II of the Revised Penal Code, where one or more of the accused are officials occupying the following positions in the government whether in a permanent, acting or interim capacity, at the time of the commission of the offense:

(1) Officials of the executive branch occupying the positions of regional director and higher, otherwise classified as Grade "27" and higher, of the Compensation and Position Classification Act of 1989 (Republic Act No. 6758), specifically including:

x x x x

(g) Presidents, directors or trustees, or managers of government-owned or controlled corporations, state universities or educational institutions or foundations;

In *People v. Sandiganbayan*,^[15] where herein petitioners Alzaga and Satuito were respondents, this Court has ruled that the character and operations of the AFP-RSBS are imbued with public interest thus the same is a government entity and its funds are in the nature of public funds. In *Ramiscal, Jr. v. Sandiganbayan*,^[16] we held that the AFP-RSBS is a government-owned and controlled corporation under R.A. No. 9182, otherwise known as The Special Purpose Vehicle Act of 2002. These rulings render unmeritorious petitioners' assertion that the AFP-RSBS is a private entity.

There is likewise no merit in petitioners' claim that the Sandiganbayan has no jurisdiction over them since their

positions as vice presidents and assistant vice president are not covered nor embraced by the term "managers" under section 4 of RA. No. 8249.

We held in *Geduspan v. People*,^[17] that while the first part of section 4 covers only officials of the executive branch with the salary grade 27 and higher, the second part "specifically includes" other executive officials whose positions may not be of grade 27 and higher but who are by express provision of law placed under the jurisdiction of the said court. In the latter category, it is the position held and not the salary grade which determines the jurisdiction of the Sandiganbayan. Thus, presidents, directors or trustees, or managers of government owned and controlled corporations, are under the jurisdiction of the Sandiganbayan.

In the instant case, petitioners Alzaga and Bello were Head of the Legal Department while petitioner Satuito was Chief of the Documentation with corresponding ranks of Vice Presidents and Assistant Vice President. These positions are not specifically enumerated in RA. No. 8249; however, as correctly observed by the Sandiganbayan, their ranks as Vice Presidents and Assistant Vice President are even higher than that of "managers" mentioned in RA. No. 8249.

In sum, the Sandiganbayan correctly ruled that the AFP-RSBS is a government-owned and controlled corporation and that it has jurisdiction over the persons of petitioners who were Vice Presidents and Assistant Vice President when the charges against them were allegedly committed.

WHEREFORE, the instant Petition for Certiorari is DISMISSED. The assailed Resolution of the Sandiganbayan dated April 25, 2005 that the AFP-RSBS is a government-owned and controlled corporation and that it has jurisdiction over the persons of the petitioners and the Resolution dated August 10, 2005 denying petitioners' motion for reconsideration, are AFFIRMED.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Rollo, pp. 8-18 and 20-23; penned by Associate Justice Efren N. De La Cruz and concurred in by Associate Justices Edilberto G. Sandoval and Francisco H. Villaruz, Jr.

[2] Id. at 86-98.

[3] Id. at 174-181.

[4] Id. at 88.

[5] Id. at 94.

[6] REVISING PRESIDENTIAL DECREE NO. 1486 CREATING A SPECIAL COURT TO BE KNOWN AS "SANDIGANBAYAN" AND FOR OTHER PURPOSES.

[7] AN ACT FURTHER DEFINING THE JURISDICTION OF THE SANDIGANBAYAN, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1606, AS AMENDED, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

[8] Rollo, pp. 174-181.

[9] Id. at 34-35.

[10] PROVIDING FOR AN ARMED FORCES RETIREMENT AND SEPARATION BENEFITS SYSTEM.

[11] AN ACT TO ESTABLISH A UNIFORM RETIREMENT SYSTEM FOR THE ARMED FORCES OF THE PHILIPPINES, TO PROVIDE FOR SEPARATION THEREFROM, AND FOR OTHER PURPOSES.

[12] *People of the Philippines v. Sandiganbayan*, 456 Phil. 136, 142 (2003).

[13] P.D. No. 361 (1973), sec. 6 and Circular No. 6 dated March 10, 1976 issued by the Department of National Defense.

[14] P.D. No. 361, Sec. 2.

[15] 456 Phil. 136, 144 (2003).

[16] G.R. No. 169727-28, August 18, 2006, SC E-Library and G.R. Nos. 140576-99, December 13, 2004, 446 SCRA 166, 169.

[17] G.R. No. 158187, February 11, 2005, 451 SCRA 187, 192-193.

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