



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **30 March 2022** which reads as follows:*

“**G.R. No. 249222** (*Danilo Mangila y Payumo v. Republic of the Philippines and Office of the Ombudsman*). – Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the *Decision*² dated July 1, 2019, and the *Resolution*³ dated September 11, 2019 of respondent Sandiganbayan- Seventh Division (Sandiganbayan) in Civil Case No. SB11-CVL-0002 for Forfeiture of allegedly unlawfully acquired wealth. The Sandiganbayan held that herein petitioner Danilo Mangila y Payumo (Mangila) failed to show that the property he acquired during his government employment is proportionate to his salaries and other lawful income. Thus, the Sandiganbayan ordered the forfeiture of all of petitioner Mangila's private properties.

Antecedent Facts

Mangila is married to Adora B. Mangila (Mrs. Mangila) with whom he has three children: Edwin B. Mangila (Edwin), who works as a chiropractor's assistant in the United States of America (US); Sherwin B. Mangila (Sherwin), a bookkeeper also in the US; and Jason B. Mangila (Jason), a student. Mrs. Mangila, a real estate broker, and their children live in Florida, where they have been staying since 1993. Petitioner Mangila chose to remain in the Philippines to serve his country.⁴

Mangila began his government service as Second Lieutenant in the Armed Forces of the Philippines in 1973, a year after former President

¹ Rollo, pp. 75-118.

² Id. at 119-171. Penned by Associate Justice Georgina D. Hidalgo, with the concurrence of Associate Justices Ma. Theresa Dolores C. Gomez-Estoesta and Zaldy V. Trespeses.

³ Id. at 172-180.

⁴ Id. at 147-148.

Handwritten initials

Ferdinand E. Marcos had placed the country under martial law. He later became a regular member of the Philippine Constabulary with the rank of Police Major. He rose through the ranks and was promoted as Superintendent in the Philippine National Police (PNP) by former President Corazon C. Aquino in 1991. Thereafter, Mangila continued as Superintendent throughout the term of former President Fidel V. Ramos, until he availed of optional retirement with the rank of Senior Superintendent in 1999. In the same year, former President Joseph E. Estrada brought Mangila back to government service, appointing him as Director of the Land Transportation Office. In 2001, Mangila resumed his rank of Senior Superintendent in the PNP. The following year, 2002, Mangila was promoted as Chief Superintendent, a position he held until his mandatory retirement on June 19, 2006.⁵

In 2007, former President Gloria Macapagal-Arroyo (President Macapagal-Arroyo) created the Presidential Anti-Smuggling Group (PASG) of the Office of the President under Executive Order No. 624 in order to eradicate smuggling and other illegal activities that sabotage the collection of custom duties and taxes. President Macapagal-Arroyo appointed Mangila as Assistant Secretary (second-in-command to PASG Head Antonio Villar, Jr. [Villar, Jr.]) of the PASG under a contract of service, which remained effective until June 30, 2010, co-terminous with the appointing authority, President Macapagal-Arroyo.⁶

It was reported that under the leadership of Villar, Jr. and Mangila, the PASG was able to contribute an accumulated amount of ₱13,019,111,197.43 in additional duties and taxes from seized goods in the years 2007 until 2009. As a consequence of the PASG's operations, 121 civilians and personnel of the Bureau of Customs were charged in court for smuggling-related offenses.⁷

Perhaps the biggest accomplishment of the PASG under Mangila and Villar, Jr. was its multi-billion-peso Subic drug bust and confiscation of 744 kilos of shabu, estimated at ₱4,200,000,000.00, from the various warehouses of Chinese businessman Anthony "Anton" Ang inside the Subic Freeport Zone. Although Ang managed to evade arrest, the bust was considered the biggest haul in local anti-illegal drugs history at that time.⁸

A year after Mangila's contract of service ended, the Republic of the Philippines, on August 1, 2011, filed a *Petition with a Verified Ex Parte Application for Issuance of a Writ of Preliminary Attachment*⁹ against him before the Sandiganbayan for the Forfeiture of his private properties that were

⁵ Id. at 77-78.

⁶ *Report of the Commission on Audit on the PASG, Executive Summary* (2010), accessed from https://www.coa.gov.ph/phocadownloadpap/userupload/annual_audit_report/NGAs/2010/National-Government-Sector/Office-of-the-pres/PASG_ES2010.pdf on 23 November 2021.

⁷ Accessed from <https://punch.dagupan.com/advertisement/2010/01/the-presidential-anti-smuggling-groups-2009-report-to-the-people/> on 23 November 2021.

⁸ Ibid.

⁹ *Rollo*, p. 120.

allegedly manifestly out of proportion to his lawful income, under Republic Act No. (RA)1379,¹⁰ docketed as Case No. SB11-CVL-0002. The case was based on income and properties listed in Mangila's Statements of Assets, Liabilities and Net Worth (SALNs) for the years 1991 to 2004.

At the same time, six criminal cases for Perjury¹¹ were filed against Mangila for his act of allegedly falsely stating in his SALNs from 1991 to 2004 that he had taken out a loan with the Government Service Insurance System (GSIS), when GSIS records in 2006 showed that he had no existing outstanding loan. All these criminal cases for perjury were dismissed by the Sandiganbayan for the prosecution's failure to prove malicious and willful intent to commit falsehood on the part of Mangila.¹² The Sandiganbayan also opined that the fact that Mangila had no outstanding GSIS loan at the time of the case did not necessarily prove that he had not previously taken out a loan.¹³

In the meantime, in the civil forfeiture case, the Sandiganbayan, on September 5, 2011, issued a *Resolution* granting the writ of attachment prayed for. The corresponding writ of preliminary attachment was issued on September 6, 2011 upon the filing of a bond by the Republic.¹⁴

After Mangila filed his answer, trial proceeded. The Office of the Special Prosecutor (OSP), under the direction of the Ombudsman, presented documents showing that 6 real properties and 16 motor vehicles were registered in the name of Mangila. The Special Prosecutor compared the *estimated current market value* of these acquisitions with the annual salaries of Mangila from 1991 to 2004, estimated at approximately ₱3,000,000.00 deducting therefrom an amount for living expenses based on the average provided by the Philippine Statistics Authority for the years in question.

The Special Prosecutor hypothesized that because the current market value of the properties registered in Mangila's name, estimated at ₱15,806,403.65, was disproportionate to his aggregate salaries of only ₱3,000,000.00 from 1991 to 2004, the properties must be confiscated upon the disputable presumption raised by Republic Act Nos. 1379¹⁵ and 3019¹⁶ that the money used to purchase said properties came from an illegal source.

For his part, Mangila countered that in determining whether he could have afforded the assets that he acquired, the Special Prosecutor failed to take

¹⁰ Entitled "An Act Declaring Forfeiture in Favor of the State Any Property Found to have been Unlawfully Acquired by any Public Officer or Employee and Providing for the Proceedings Therefor." Approved on June 18, 1955.

¹¹ Criminal Case Nos. SB-11-CRM-0390 to 0395, entitled *People of the Philippines v. PCSupt. Danilo Payumo Mangila*.

¹² Sandiganbayan Decision dated March 27, 2017 in *People v. Mangila*, Criminal Case Nos. SB-11-CRM-0390 to 0395, *rollo*, pp. 193-220.

¹³ *Rollo*, p. 213.

¹⁴ *Id.* at 120.

¹⁵ *Supra*.

¹⁶ Entitled "Anti-Graft and Corrupt Practices Act." Approved on August 17, 1960.

into account that aside from his salaries from 1991 to 2004, he had earned and saved money from the time he started working 17 years earlier in 1973; that his wife and sons derived income from their jobs in the US, which they contributed to the acquisition of properties in the Philippines; that he had obtained a property loan from the GSIS in 1978 to purchase his family home in Sitio Seville, Quezon City; and that his business partners had extended to him a credit facility of ₱7,500,000.00 over the years, which provided him with capital to purchase vehicles for a taxi business, as well as vehicles to be sold for a profit.¹⁷

Mangila testified that the three lots registered in his and his wife's names under TCT No. 202966,¹⁸ 248594¹⁹ and 275686²⁰ are adjacent lots numbered 54, 55 and 56 in Block 168 (also known as Ipil Street) in Sitio Seville, North Fairview, Quezon City, where they had set up their family home. Mangila explained that he did not acquire the three lots all at once, but rather that he purchased Lot 55 first in 1978 at the cost of ₱65,000.00 through a GSIS loan, paid through monthly amortizations over the years. When the family income increased in 1993 as a result of the dollars earned by his wife and sons from their jobs in the US, they next purchased the adjacent Lot 54 in the same street in order to extend their house. Mangila, his wife and sons purchased Lot 54 for ₱850,000.00 and paid for it through monthly installments. Finally, in 1998, Mangila and his family purchased Lot 56 for ₱1,800,000.00, also through installments. Mangila endeavored to show that the total acquisition cost of the three lots comprising his family home was only ₱2.715 million, instead of the estimated market value of ₱7,559,000.00 insisted upon by the Special Prosecutor.²¹

Similarly, Mangila testified that in 1992, he acquired a small lot in Mindoro covered by TCT No. 86118²² for only ₱50,000.00 instead of the ₱126,500.00 estimated by the Special Prosecutor. In 1994, he and his family were able to acquire a lot in Calamba covered by TCT No. 355409²³ for ₱983,000.00; and in 1995, they purchased a lot in Cavite covered by TCT No. 47374²⁴ for ₱600,000.00.²⁵

In contrast to the Special Prosecutor's *estimated market value* of Mangila's six real properties in the total amount of ₱9,102,655.00, Mangila's computation showed that his total *acquisition cost* for all six properties was only ₱4,348,000.00.

¹⁷ Rollo, pp. 35-40.

¹⁸ Exhibit "G," rollo, p. 28.

¹⁹ Exhibit "F," id.

²⁰ Exhibit "H," id.

²¹ *Judicial Affidavit of respondent PCSupt. Danilo P. Mangila*, Annex "C" to the Petition, id. at 181-192.

²² Exhibit "K," rollo, p. 32.

²³ Exhibit "J," id.

²⁴ Exhibit "I," id.

²⁵ *Judicial Affidavit of Mangila*, id. at 181-192.

As for the motor vehicles, Mangila admitted that he had engaged in a taxi business and in the buy-and-sell of cars to explain why there were 16 vehicles registered in his name. According to Mangila, and corroborated by his business partners, David Tan (David)²⁶ and Nilo Pascoguin (Nilo),²⁷ the latter were the ones selling the vehicles but they allowed Mangila to occasionally pull-out vehicles for the purpose of selling them to third persons, and they divided the profits of whatever Mangila was able to sell. In addition, David and Nilo confirmed that they had extended a credit line to Mangila during the years in question in the total amount of ₱7,500,000.00, which Mangila had used to acquire the vehicles for his businesses.²⁸ According to Mangila, he also used some amounts from the credit line to pay for the amortization of some of the real properties that he had purchased. Mangila stated that he had already stopped the taxi business, and that he had already disposed of the vehicles. The Special Prosecutor estimated the total value of the vehicles at ₱7,375,373.00, which was not contested by Mangila.

In fine, Mangila sought to prove that his total salary of ₱3,000,000.00 during the period in question, when combined with the ₱60,000.00 GSIS loan and the ₱7,500,000.00 credit line from David and Nilo, was sufficient to acquire the properties registered in his name. Consequently, Mangila concluded that said properties do not fall within the category of unlawfully acquired properties and should not be forfeited.

Decision of the Sandiganbayan

Disregarding Mangila's evidence of his other sources of funds and income, and relying solely on a *net-worth-to-income-discrepancy analysis* comparing Mangila's salaries in the amount of ₱3,000,000.00 to the estimated current market value of his real properties (₱9,102,655.00), vehicles (₱7,375,373.00), and deducting an estimated amount for living expenses, the Sandiganbayan agreed with the Special Prosecutor's hypothesis that Mangila had an illegal source of funds because his salary could not have possibly covered all the properties that were registered in his name, which had a total estimated value of ₱15,806,403.65. Thus, the Sandiganbayan, on July 1, 2019, ordered the forfeiture of all properties registered in Mangila's name, as follows:

WHEREFORE, premises considered, for failure of respondent DANILO P. MANGILA to show that he acquired during his incumbency as a government employee an amount of property which is proportionate to his salary from his other lawful income, the properties he acquired from 1991 to 2004 are ordered forfeited in favor of petitioner Republic of the Philippines.

²⁶ Exhibit "4," id. at 224.

²⁷ Exhibit "5," id. at 225.

²⁸ Id. at 224 and 225.

x x x x.²⁹

From this adverse decision, Mangila filed a motion for reconsideration,³⁰ arguing that the Sandiganbayan committed an error in not considering his evidence as to the source of funds used to acquire his properties, and in not declaring that the petition for forfeiture had already prescribed. On September 11, 2019, the Sandiganbayan denied Mangila's motion for reconsideration.³¹

The Instant Petition

Upon denial of his motion for reconsideration, Mangila filed the instant petition³² for review before the Court, grounded on the following assignment of errors:

A.

THE SANDIGANBAYAN COMMITTED MANIFEST ERROR WHEN IT LIMITED THE INSTANT CASE TO THE INCOME ACQUIRED BY THE PETITIONER FROM 1991 TO 2004.

B.

THE SANDIGANBAYAN COMMITTED MANIFEST ERROR AND DEVIATED FROM ESTABLISHED LAW AND JURISPRUDENCE WHEN IT GROSSLY MISAPPRECIATED THE FACTS IN ARRIVING AT THE CONCLUSION THAT PETITIONER'S ASSETS WERE MANIFESTLY DISPROPORTIONATE TO HIS INCOME FROM LEGITIMATE SOURCES.

C.

THE SANDIGANBAYAN COMMITTED MANIFEST ERROR AND DEVIATED FROM ESTABLISHED LAW AND JURISPRUDENCE WHEN IT FORFEITED THE PROPERTIES NOT ONLY OF PETITIONER BUT EVEN THOSE BELONGING TO HIS WIFE.

D.

THE SANDIGANBAYAN COMMITTED MANIFEST ERROR AND DEVIATED FROM ESTABLISHED LAW AND JURISPRUDENCE WHEN IT FORFEITED THEIR FAMILY HOME.³³

²⁹ Id. at 168.

³⁰ Id. at 61-63.

³¹ Id. at 172-180.

³² Id. at 75-118.

³³ Id. at 79-80.

Petitioner's Arguments

Petitioner Mangila argues before the court that the Sandiganbayan's decision is based solely on inferences and conjectures, which are products of a gross misapprehension of facts. Mangila also contends that the Sandiganbayan overlooked relevant facts which, if considered, would justify a different conclusion and prevent manifest injustice.

In particular, Mangila contends that in computing the value of his acquisitions, the Sandiganbayan merely adopted the *estimated current market value* of the properties instead of utilizing the *acquisition cost*, which amounts were actually expended in acquiring them.³⁴

Mangila decries the fact that although he started his government service in 1973, his income and savings for 17 years from 1973 to 1990 were not considered in computing whether he could have afforded his acquisitions. Furthermore, Mangila pointed out that the Sandiganbayan failed to consider his other sources of lawful income and funds, such as the dollar earnings of his wife and sons who are all working in the US; the ₱7,500,000.00 million credit line extended to him by his business partners; and his income from his business interests – all of which were declared in his SALNs.³⁵

Finally, Mangila manifested that the Sandiganbayan erred in forfeiting not only his properties, but also the properties of his wife who is the co-owner of all the conjugal assets. Mangila emphasized that the family home, where he lives and his family returns to, is exempt from execution.³⁶

The OSP's Arguments

The OSP denied all the arguments of Mangila and insisted that the Sandiganbayan committed no error in ordering the forfeiture of all his assets and in denying his motion for reconsideration.³⁷

Issue

Was the Special Prosecutor's evidence of the estimated current market values of Mangila's assets sufficient basis for the Sandiganbayan to conclude that Mangila's assets were disproportionate to his lawful income and should be forfeited in favor of the Republic?

³⁴ Id. at 84-98.

³⁵ Id. at 98-108.

³⁶ Id. at 108-114.

³⁷ Id. at 257-287.

Ruling of the Court

We grant the petition and rule in favor of Mangila.

Although the appellate jurisdiction of the Supreme Court over decisions of the Sandiganbayan in forfeiture cases is limited to questions of law, when the decision on appeal is premised on estimates and conjectures, the Court must re-evaluate the evidence to prevent manifest injustice.

It is settled that the appellate jurisdiction of the Supreme Court over decisions and final orders of the Sandiganbayan is limited only to **questions of law**; it does not review the factual findings of the Sandiganbayan which, as a general rule, are conclusive upon the Court. Thus, Section 1, Rule 45 of the Rules of Court states:

Section 1. Filing of petition with Supreme Court. — A party desiring to appeal by *certiorari* from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on *certiorari*. The petition shall raise **only questions of law** which must be distinctly set forth.

A question of law exists when there is doubt or controversy as to what the law is on a certain state of facts. On the other hand, a question of fact exists when the doubt or controversy arises as to the truth or falsity of the alleged facts. The resolution of a question of fact necessarily involves a calibration of the evidence, the credibility of the witnesses, the existence and the relevance of surrounding circumstances, and the probability of specific situations.³⁸

Generally, the Supreme Court is not a trier of facts. It is not the Court's function to examine and weigh all over again the evidence presented in the proceedings below. Thus, it is the policy of the Court to sustain the factual findings of the trial court, such as the Sandiganbayan, on the reasonable presumption that the latter court is in a better position to assess the evidence before it.

However, this general rule admits of exceptions, as pronounced in *Republic vs. Sandiganbayan*,³⁹ to wit: "(1) when the conclusion is a finding grounded entirely on speculation, surmise, and conjectures; (2) when the inference made is manifestly absurd, mistaken, or impossible; (3) xxx; (4)

³⁸ *Venezuela vs. People*, 826 Phil. 11, 23 (2018).

³⁹ 425 Phil. 752, 766 (2002).

when the judgment is premised on a misapprehension of facts; (5) xxx.”

In this case, the Sandiganbayan’s decision to forfeit the properties of Mangila is founded on mere estimates and speculation. Mangila points out that the Sandiganbayan disregarded relevant facts, thus compelling the Court to re-examine the evidence on record in order to prevent manifest injustice.

A forfeiture case is civil in nature and the burden of proof is on he who alleges, by the quantum of evidence required by law, which in a civil case is preponderance of evidence.

In *Republic vs. Gimenez*,⁴⁰ the Court, through Justice Marvic F. Leonen re-affirmed the long-established rule that forfeiture proceedings under RA No. 1379 are civil in nature. The Court further stressed that, as in all civil cases, the quantum of proof required in forfeiture proceedings is a preponderance of evidence.

Thus, before the disputable presumption can arise that the properties of a public officer or employee were unlawfully acquired, it must first be proved by a preponderance of evidence that the acquisition cost of such properties is beyond his lawful sources of income, or, in the words of the law, that their acquisition cost is “manifestly out of proportion to his salary.” This is the import of Section 2, RA No. 1379, which reads:

Section 2. Filing of petition. Whenever any public officer or employee has acquired during his incumbency an amount of property which is ***manifestly out of proportion to his salary*** as such public officer or employee and to his other lawful income and the income from legitimately acquired property, said property shall be presumed *prima facie* to have been unlawfully acquired. x x x .

x x x x.

Accordingly, in order to arrive at the conclusion that the amount of property owned by a public officer is “***manifestly out of proportion to his salary***,” the Special Prosecutor must first prove by a preponderance of evidence (1) the existence of properties acquired by the public officer during his incumbency; (2) the actual acquisition cost of said properties; and to compare such acquisition cost with (3) the income of respondent public officer from lawful sources. It is only ***after*** it has been proved by a preponderance of evidence that the acquisition cost of the properties is manifestly out of proportion to the sources of lawful income that the *prima facie* presumption will arise.

⁴⁰ 776 Phil. 233, 252 (2016).

In the instant case, the bulk of the Special Prosecutor's evidence centered on a listing of all the properties registered in the name of Mangila, as well as a computation of his salaries from 1991 to 2004. The Special Prosecutor successfully proved that 6 real properties and 16 motor vehicles were registered in the name of Mangila, thus discharging the first burden. The Special Prosecutor also presented a computation of his salaries from 1991 and 2004. Thus, the Special Prosecutor discharged his third burden also.⁴¹

The Special Prosecutor failed to acquit his burden of proving the actual acquisition costs of Mangila's properties, thus preventing the prima facie presumption that said properties were unlawfully acquired from arising.

In presenting the *estimated current market values* of Mangila's properties at the time of the trial, the Special Prosecutor failed to discharge his second burden of proving the *true and actual acquisition cost of said properties*. **The Sandiganbayan itself admits that the values were only estimated**, as can be seen in Table No. 4⁴² contained in the assailed *Decision*, summarizing the real properties owned by Mangila. Table No. 4 reads:

Location	Acquisition Cost (in Philippine Pesos)	Improvement (Cost in Philippine Pesos)	TCT No.	Year Acquired
Quezon City	1,500,000.00 (<i>estimated Price</i>)	2,106,000.00 (2000); 263,600.00 (1997)	202996	1999
Quezon City	1,800,000.00		275668 (<i>sic</i>) ⁴³	2003
Quezon City	1,890,000.00		275686	2004
Calamba, Laguna	849,555.00		355409	1996
Trece Martirez, Cavite	567,000.00		47374	1998
Calapan, Mindoro	126,500.00		86118	1996
Sub Total (<i>estimated</i>)	6,733,055.00	2,369,600.00		
TOTAL		9,102,655.00		

Although Table No. 4 states that the figures are "acquisition costs," the testimony of the Special Prosecutor's witness, Ms. Danisa Faustino, on March 24, 2015 belies this, and reveals that the amounts that were stated as "acquisition costs" were actually the market values stated in the tax declaration of the properties in 2003. What is worse, the Sandiganbayan itself admits that these values are mere *estimates*, not actual values. Thus:

⁴¹ *Rollo*, p. 258.

⁴² *Id.* at 157.

⁴³ Should read: TCT No. 248594.

PROSEC. GRUTA:

Your Honors, Ms. Danisa Faustino will authenticate previously marked Exhibit "E" which is Declaration of Real Property in the name of spouses Danilo P. Mangila and Adora Mangila, and this parcel of land is Lot 54, Block 168 located in North Fairview. Exhibit "E" is composed of three declarations, Your Honors, and one Certification as to the improvement in the parcel of land.

WITNESS:

Your Honors, this Certification issued by Processing Division of the Assessor's Office certified that *there is no record of improvement* on Lot 54 signed by our Officer-In-Charge of the Processing Division Priscela Versonilla.

CHAIRPERSON:

Excuse me Prosecutor Gruta. For clarification, does it mean that the SALN included improvement like that? That is why you are securing Certification that there is no improvement? Ganun ba? Is that the trust (*sic*) of the evidence?

x x x x

x x x x

PROSEC. GRUTA:

No, your Honors, actually, although she mentioned no record of improvement, the *Certification also includes the present market value and the assessed value as of today.*

CHAIRPERSON:

Yes kaya nga. What was that purports (*sic*) to support?

PROSEC. GRUTA:

The three parcels of land.

CHAIRPERSON:

What are you trying to prove, in other words?

PROSEC. GRUTA:

Actually, Your Honors, this Declaration of Real Properties are just support to the Transfer Certificate of Titles already authenticated by the Register of Deeds of Quezon City.

CHAIRPERSON:

Sorry. I cannot get the pictures (*sic*). Yeah, what is important about there

being no improvement?

PROSEC. GRUTA:

Actually, Your Honors, there is no importancy (sic) in the improvement but it's just a Certification included that.⁴⁴

We note, too, that while the Special Prosecutor's own witness testified on the certification that there are *no improvements* on the properties, values were placed as the estimated "acquisition cost" of improvements in the total amount of ₱2,369,600.00. What is worse, while admitting in Table No. 4 that the value of the lots in the amount of ₱6,733,055.00 is a *mere estimate*, the Sandiganbayan nevertheless used this estimated figure as the basis for its conclusion that the properties were illegally acquired because their inflated value is disproportionate to the modest salaries of Mangila. It appears, therefore, that the Sandiganbayan ordered the forfeiture of private property based only on a guess that the properties must have been derived from an unlawful source or an illegal activity.

In addition, the Special Prosecutor admitted that his evidence reflects only the years when the certificates of title were issued, but not the years when the property was slowly being paid for on installments by Mangila. Hence –

PROSEC. GRUTA:

Lot 54, Lot 55 and Lot 56 and these were purchased in the year ... and the *title was issued in 2003*. Our petition, Your Honors, covers the periods 1998 to 2004 to 2005. So during those periods these three parcels of land were purchased by the respondent and these are also included in the SALN.⁴⁵

Indeed, the inflated and estimated market values and assessed values presented by the Special Prosecutor do not accurately reflect the acquisition costs of Mangila's properties and should not have been used as the basis for the conclusion that the properties were unlawfully acquired during the years in question. Even the Sandiganbayan appeared baffled by the evidence presented.

In *Republic v. Sandiganbayan*,⁴⁶ Chief Justice Hilario Davide, Jr. had occasion to emphasize that *it is not the market value of the respondent's properties that should be used to determine whether they were unlawfully acquired, but rather, it should be their actual acquisition cost*.

⁴⁴ TSN, March 24, 2015, pp. 15-19

⁴⁵ Id.

⁴⁶ 425 Phil. 752, 779 (2002).

Said Chief Justice Davide:

In ascertaining the value of respondent's properties and shareholdings, it is not the fair market value, as claimed by the petitioner, that should be made as basis thereof. Rather, as correctly held by the Sandiganbayan, it is the acquisition cost thereof, since it was the actual amount of money shelled out by respondent in acquiring them. ***It is the acquisition cost that must be charged against respondent's lawful income and funds.***⁴⁷

The relevant valuation would be the acquisition cost of the real properties *vis-à-vis*, the financial capacity of the public officer and his wife at the time of their acquisition. ***Any appreciation (or depreciation) in the value of the real properties after their acquisition until present has no bearing herein.***⁴⁸

The acquisition cost of the properties acquired by the public officer is relevant not only because it is the basis for comparison with his legal sources of income, but also because such amount would be taken as the value of actual damages to be restituted by the public officer in case the ill-gotten properties have already been disposed of and can no longer be forfeited.

Contrary to the Special Prosecutor's statement that: "*Actually, Your Honors, there is no importancy (sic) in the improvement xxx,*" the estimated market values presented were significant because aside from being used as the trigger for the disputable presumption that property was unlawfully acquired, these values would also be used as basis for restitution and actual damages in the event that the actual properties listed as "unlawfully acquired" could no longer be forfeited. In fact, in its decision, the Sandiganbayan ordered the forfeiture or confiscation of Mangila's *other* properties as would satisfy the amount of his allegedly illegally-gotten wealth in the estimated amount of ₱15,806,403.65. Thus –

x x x x

3. And such other properties equivalent to or sufficient to satisfy the amount of unexplained wealth in the total amount of FIFTEEN MILLION EIGHT HUNDRED SIX THOUSAND FOUR HUNDRED THREE PESOS AND SIXTY FIVE CENTAVOS (P15,806,403.65).⁴⁹

⁴⁷ Id. at 769.

⁴⁸ *Pleyto v. PNP-CIDG*, 563 Phil. 842, 880 (2007).

⁴⁹ *Rollo*, p. 169.

Article 2199 of the Civil Code provides that: “Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. x x x.”

In *Yamauchi v. Suñiga*,⁵⁰ the Court held that actual damages must be proved with reasonable degree of certainty. A party is entitled only up to such compensation for the pecuniary loss that he had duly proven. ***It cannot be presumed.*** Absent proof of the amount of actual damages sustained, the court cannot rely on speculations, conjectures, or guesswork as to the fact and amount of damages, but must depend upon competent proof that they have been suffered by the injured party and on the best obtainable evidence of the actual amount thereof.⁵¹

It bears emphasis that the Special Prosecutor had the burden of presenting a preponderance of evidence to prove the *actual acquisition cost* of the properties sought to be confiscated, or the *exact amount* that Mangila might be required to retribute. In presenting only the estimated current market values of Mangila’s properties, the Special Prosecutor failed to discharge his burden of proof and the Sandiganbayan erred in upholding the estimated values presented.

In light of the Special Prosecutor’s failure to present preponderant evidence of the actual acquisition costs of Mangila’s properties, there is insufficient basis for comparison with his lawful income, and there is insufficient basis to conclude that his assets are disproportionate to his income from lawful sources. Consequently, the disputable presumption that Mangila’s assets were ill-gotten or illegally acquired did not arise.

We stress that the disputable presumption that property is unlawfully acquired arises only when the acquisition cost of such property is ***manifestly*** – meaning, plainly or obviously – disproportionate to the public officer’s salary and his other lawful income, which is not the case here. The disputable presumption that property was unlawfully acquired only takes away the need to prove that the public officer had actually committed an unlawful and corrupt act that gave him money to buy more properties than he could have afforded had he lived strictly within his government salary. Such presumption does not remove the Special Prosecutor’s burden of proving by a preponderance of evidence the actual amounts expended by the public officer in acquiring his assets.

The required burden of evidence does not flow solely from the disputable presumption laid down in RA No. 1379 and RA No. 3019 that property is

⁵⁰ 830 Phil. 122, 130 (2018).

⁵¹ Id.

unlawfully acquired if the value of the acquisitions does not match the public officer's salary.

Even assuming *arguendo* that the Special Prosecutor had presented sufficient evidence regarding the actual acquisition costs of Mangila's properties as would trigger the disputable presumption laid down in Section 2 of RA No. 1379 and Section 8 of RA No. 3019 that property was unlawfully acquired, such presumption was overcome by Mangila's evidence as to the sufficiency and source of his income.

In *Ombudsman v. Racho*,⁵² the Court emphasized that:

It should be understood that what the law seeks to curtail is 'acquisition of unexplained wealth.' Where the source of the undisclosed wealth can be properly accounted, then it is 'explained wealth' which the law does not penalize.

In the instant case, petitioner Mangila had explained that in addition to his salaries, he had income from his taxi business, buy-and-sell of vehicles, the dollar income and savings of his wife and children from their jobs in the US, loan from the GSIS, and the ₱7,500,000.00 credit line from his business partners and friends – all of which were declared in his SALNs for the years in question.

Hence, in determining whether Mangila could have afforded all the properties that he had acquired, the Sandiganbayan should have taken into consideration the fact that he had a taxi business and a buy-and-sell business of motor vehicles – not to mention the fact that his family was working in the US and that he had a credit line of ₱7,500,000.00 from his business partners.

We are not unmindful of Section 12, Rule XVIII of Civil Service Commission Memorandum Circular No. 17, s. 1986, which provides:

Sec 12. No officer or employee shall engage directly in any private business, vocation, or profession or be connected with any commercial, credit, agricultural, or industrial undertaking without a written permission from the head of the Department: Provided, That this prohibition will be absolute in the case of those officers and employees whose duties and responsibilities require that their entire time be at the disposal of the Government: *Provided, further,* That if an employee is granted permission to engage in outside activities, the time so devoted outside of office hours should be fixed by the chief of the agency to the end that it will not impair in any way the efficiency of the officer or employee: *and provided, finally,* that no permission is necessary in the case of investments, made by an officer or employee, which do not involve any real or apparent conflict between his private interests and public duties or in any way influence him

⁵² 656 Phil. 148, 161 (2011).

in the discharge of his duties, and he shall not take part in the management of the enterprise or become an officer or member of the board of directors.

While Mangila's taxi business and his buy-and-sell business of motor vehicles do not appear to have been officially permitted by his immediate superior, it is not disputed that he declared such business interests in his SALN, thus indicating no malicious desire to conceal the same.

Further, even assuming that he had no prior written authority to engage in a taxi business or in the buy-and-sell of vehicles, Mangila's violation of the Rule – lack of prior permission – was a technical one.⁵³ At most, it would subject him to the administrative penalty provided in the Civil Service Rules had the proper charge been filed against him. ***Such violation did not amount to a crime or graft and corrupt practice as defined by law.***⁵⁴

In any event, even if We do not consider Mangila's extra income from his businesses or the dollar income of his family in the US, it appears that Mangila could still have afforded all the properties he acquired by virtue of the loans from his business partners.

Assuming arguendo that Mangila failed to establish his defense, both parties' evidence would be at an equipoise and the Court would have no choice but to leave them where they were before the litigation and to dismiss the forfeiture case.

Even if We were to arrive at the same conclusion as the Sandiganbayan that Mangila's evidence is not credible or that he was not able to substantiate his defenses by a preponderance of evidence, the forfeiture case against him should still be dismissed in light of the Special Prosecutor's failure to prove by a preponderance of evidence the acquisition cost of Mangila's properties – which, in turn, failed to trigger the disputable presumption that his properties were unlawfully acquired. In that case, both parties should be considered to have failed to prove their allegations and the Court must leave them where they are.

As Chief Justice Artemio Panganiban, Jr. pronounced in *Rivera vs. Court of Appeals*:⁵⁵ ***“When the evidence of the parties is in equipoise, or when there is a doubt as to where the preponderance of evidence lies, the party with the burden of proof fails and the petition/complaint must thus be denied.”*** This was reiterated by the Court in *Sabellina vs. Buray*,⁵⁶ as follows:

⁵³ *Republic v. Sandiganbayan*, supra, note 39.

⁵⁴ *Macariola v. Asuncion*, 199 Phil. 295, 324 (1982).

⁵⁵ 348 Phil. 734, 743 (1998).

⁵⁶ 768 Phil. 224, 239 (2015).

“Where neither party is able to establish its cause of action and prevail with the evidence it has, the courts have no choice but to leave them as they are and dismiss the complaint/petition.”

In light of the foregoing conclusion that the forfeiture case must be dismissed, We find no need to further discuss whether the Sandiganbayan was correct in ordering the forfeiture of the family home and of the other conjugal properties co-owned by Mangila’s wife, without having considered Mrs. Mangila’s income.

Right reason demands obedience to the dictates of justice and fairness, even as We exert all our efforts in the fight against graft and corruption.

It is curious that a public officer like Mangila, who had served under successive presidents from Ferdinand Marcos, Corazon Aquino, Fidel Ramos, Joseph Estrada to Gloria Macapagal-Arroyo, was subjected to these proceedings only when his term as Assistant Secretary of the PASG expired in 2011, when throughout his tenure, there was not even a hint of dishonesty or a breath of scandal tainting his service. In fact, Mangila had retired twice, yet he was always prevailed upon by the current president to return to service. We can only surmise that during his extension of service as Assistant Secretary of the PASG, Mangila not only caught smugglers and drug lords, he also snagged some powerful enemies.

In any event, whatever the reasons were behind the proceedings, We continue to adhere to the rule of right reason. While it is commendable that the Ombudsman continuously strives to hold accountable public officers and employees for unexplained wealth and unlawfully acquired properties, public officials and employees should not be summarily stripped of their property solely for the purpose of sending a message that the government is serious in its campaign against graft and corruption.

As the Court admonished in *Ret. Lt. Gen. Ligot v. Republic*,⁵⁷ the end never justifies the means. ***The government’s anti-corruption drive cannot be done at the expense of our Constitutionally guaranteed rights and the rule of law.*** Said the Court in *Ligot* –

As our last point, we commend the fervor of the CA in assisting the State’s efforts to prosecute corrupt public officials. We remind the appellate court though that the government’s anti-corruption drive cannot be done at the expense of cherished fundamental rights enshrined in our Constitution. ***So long as we continue to be guided by the Constitution and the rule of law, the Court cannot allow the justification of governmental action on***

⁵⁷ 705 Phil. 477, 510 (2013).

the basis of the noblest objectives alone. As so oft-repeated, the end does not justify the means. Of primordial importance is that the means employed must be in keeping with the Constitution. Mere expediency will certainly not excuse constitutional shortcuts.

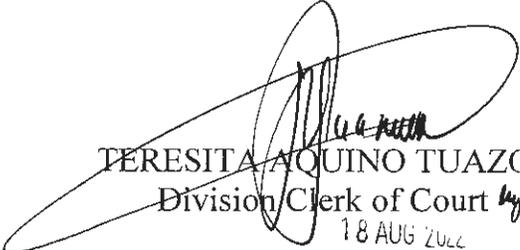
The Court remains mindful of the fact that as compared to the individual, the State possesses vast powers and has immense resources at its disposal. Indeed, as the Court held in *Secretary of Justice v. Lantion*,⁵⁸ and reiterated by Chief Justice Alexander Gesmundo in *People v. Pagal*:⁵⁹

“The individual citizen is but a speck of particle or molecule *vis-a-vis* the vast and overwhelming powers of government. His only guarantee against oppression and tyranny are his fundamental liberties under the Bill of Rights which shield him in times of need.”

WHEREFORE, the Petition for Review on *Certiorari* is **GRANTED**. The *Decision* of the Sandiganbayan, dated July 1, 2019, and its *Resolution*, dated September 11, 2019, in Civil Case No. SB11-CVL-0002 are **REVERSED AND SET ASIDE**. The August 1, 2011 petition for forfeiture filed by the Office of the Special Prosecutor against Danilo Mangila y Payumo before the Sandiganbayan is **DISMISSED**. The writ of attachment issued on September 6, 2011 is **PERMANENTLY LIFTED**.

SO ORDERED.”

By authority of the Court:


TERESITA AQUINO TUAZON
Division Clerk of Court by 8/18
18 AUG 2022

⁵⁸ 397 Phil. 423 (2000).

⁵⁹ G.R. No. 241257, September 29, 2020.

Resolution

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G.R. No. 249222
March 30, 2022

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GR249222. 3/30/2022(134)URES *Jr/v*