



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

REPUBLIC OF THE PHILIPPINES, G.R. No. 231648
Petitioner,

-versus-

NIETO A. RACHO,
Respondent,

X-----X

NIETO A. RACHO,
Petitioner,

X-----X

G.R. No. 231829

Present:

LEONEN, J., *Chairperson*,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J.,
KHO, JR.* , JJ.

-versus-

REPUBLIC OF THE PHILIPPINES,
Respondent.

Promulgated:
JAN 16 2023

X-----X

DECISION

LEONEN, J.:

The Sandiganbayan exercises exclusive appellate jurisdiction over civil forfeiture cases falling within the jurisdiction of regional trial courts.

* On leave.

This Court resolves the consolidated cases¹ from the Petitions filed by the Republic of the Philippines (Republic)² and Nieto A. Racho (Racho),³ challenging the Decision⁴ and Resolution⁵ of the Court of Appeals, which affirmed with modification the Decision⁶ of the Regional Trial Court forfeiting several bank deposits deemed as ill-gotten wealth pursuant to Republic Act No. 1379.

A substantial portion of the facts of this case has been established in the related case of *Office of the Ombudsman v. Racho*.⁷ In keeping with the doctrine of conclusiveness of judgment, this Court will no longer disturb what has been settled therein.

Prompted by a concerned citizen's complaint, the Ombudsman led an investigation on Racho's alleged unexplained wealth. This revealed sizeable bank deposits that were not declared in Racho's Statements of Assets, Liabilities, and Net Worth (SALN),⁸ more specifically:⁹

<i>Bank</i>	<i>Depositor</i>	<i>Amount</i>
Philippine Commercial International Bank	Nieto &/or Lourdes Racho ¹⁰	₱1,000,000.00
		₱200,000.00
		₱28,702.53
Metropolitan Bank and Trust Company	Nieto A. Racho ¹¹	₱1,983,554.45
		₱949,341.82
Bank of Philippine Islands	Lourdes B. Racho &/or Nieto A. Racho ¹²	₱1,632,282.59

Thus, the Ombudsman filed complaints for falsification of public document under Article 171¹³ of the Revised Penal Code and dishonesty¹⁴ against Racho.¹⁵

¹ *Rollo* (G.R. No. 231648), pp. 103–104. September 11, 2017 Resolution.

² *Id.* at 13–31.

³ *Rollo* (G.R. No. 231829), pp. 3–24.

⁴ *Rollo* (G.R. No. 231648), pp. 34–44. The August 31, 2016 Decision in CA-G.R. CV No. 05251 was penned by Associate Justice Edward B. Contreras and concurred in by Associate Justices Edgardo L. Delos Santos (retired member of this Court) and Geraldine C. Fiel-Macaraig of the Nineteenth Division, Court of Appeals, Cebu City.

⁵ *Id.* at 62–64. The March 16, 2017 Resolution in CA-G.R. CV No. 05251 was penned by Associate Justice Edward B. Contreras and concurred in by Associate Justices Edgardo L. Delos Santos (retired member of this Court) and Geraldine C. Fiel-Macaraig of the Nineteenth Division, Court of Appeals, Cebu City.

⁶ *Id.* at 72–81. The November 16, 2013 Decision in Civil Case No. CEB-31764 was penned by Presiding Judge Alexander N.V. Acosta of Branch 9, Regional Trial Court of Cebu City.

⁷ 656 Phil. 148 (2011) [Per J. Mendoza, Second Division].

⁸ *Id.* at 152.

⁹ *Rollo* (G.R. No. 231648), pp. 50–51.

¹⁰ *Id.* at 65.

¹¹ *Id.* at 61.

¹² *Id.* at 66.

¹³ Docketed as OMB-V-C-02-0240-E.

¹⁴ Docketed as OMB-V-A-02-0214-E.

¹⁵ *Office of the Ombudsman v. Racho*, 656 Phil. 148, 152 (2011) [Per J. Mendoza, Second Division].

The administrative case for dishonesty eventually reached the Supreme Court as *Office of the Ombudsman v. Racho*. In that case, the Court found Racho guilty of dishonesty not only for his failure to disclose the bank deposits, but for his “unmistakable intent to cover up the true source of his questioned bank deposits.”¹⁶

Meanwhile, the Republic, through the Office of the Ombudsman-Visayas, filed a Petition for the Forfeiture of Unlawfully Acquired Wealth¹⁷ under Republic Act No. 1379 before the Regional Trial Court. The Petition alleged that the Ombudsman conducted an inquiry similar to a preliminary investigation and found prima facie showing that Racho amassed wealth manifestly out of proportion to his salary and other lawful income. Racho did not present evidence “by reason of his ailing health and failing memory.”¹⁸

After due proceedings, the Regional Trial Court rendered its November 16, 2013 Decision¹⁹ ordering the forfeiture of ₱5,793,881.39 in favor of the State. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendants:

- a. Declaring the deposit in the amount of PhP5,793,881.39 as ill-gotten and be forfeited in favor of the State;
- b. Ordering respondent to reconvey or return to the State the amount of PhP5,793,881.39; and
- c. In case, respondent fails to return the amount of PhP5,793,881.39 to the State, properties of respondent with the value equivalent to said amount shall be forfeited.

SO ORDERED.²⁰

Racho filed a Notice of Appeal²¹ and the same was given due course by the Regional Trial Court.²²

In its August 31, 2016 Decision,²³ the Court of Appeals affirmed the Regional Trial Court Decision with modification that it excluded from forfeiture ₱1,430,492.56, representing the share of his wife, Lourdes Racho (Lourdes), in the conjugal partnership.²⁴ The dispositive portion of the Decision reads:

¹⁶ Id. at 164.

¹⁷ *Rollo* (G.R. No. 231648), pp. 48–58.

¹⁸ Id. at 124.

¹⁹ Id. at 72–81.

²⁰ Id. at 81.

²¹ *Rollo* (G.R. No. 231829), pp. 136–137.

²² Id. at 138.

²³ *Rollo* (G.R. No. 231648), pp. 34–44.

²⁴ Id. at 40.

WHEREFORE, the appeal is DENIED. The Decision dated November 16, 2013 forfeiting ₱5,793,881.39 in favor of the State is AFFIRMED but with the MODIFICATION that the forfeited amount be decreased to ₱4,363,388.83, taking into account Lourdes Racho's share in the conjugal property.

Finally, FURNISH copies of this Decision to the Office of the Ombudsman, Office of the Ombudsman-Office of Legal Affairs, and the Office of the Solicitor General.

SO ORDERED.²⁵

Racho sought reconsideration²⁶ of the assailed Court of Appeals Decision, which the Republic opposed in its Motion *Ex Abundanti Ad Cautelam*.²⁷ The Republic argued, among others, that the Court of Appeals lacks jurisdiction over the appeal.²⁸ The Court of Appeals denied the motion but asserted its jurisdiction over the appeal.²⁹

Hence, the Republic³⁰ and Racho³¹ filed their respective Petitions before this Court.

In G.R. No. 231648, the Republic posits that the Court of Appeals erred in taking cognizance of Racho's appeal because it is the Sandiganbayan which has exclusive appellate jurisdiction.³² Further, it claims that the Court of Appeals erred in decreasing the amount to be forfeited on account of Lourdes's alleged conjugal share.³³

Meanwhile, in G.R. No. 231829, Racho maintains that none of the bank deposits are ill-gotten wealth and that half of all the bank deposits should have been determined as conjugal property. Racho also argues that Lourdes is an indispensable party in the civil forfeiture proceedings.³⁴

The issues for this Court's resolution are whether the Court of Appeals erred:

first, in taking cognizance of an appeal from a regional trial court's decision in a civil forfeiture case; and

²⁵ Id. at 42.

²⁶ *Rollo* (G.R. No. 231829), pp. 50–53.

²⁷ *Rollo* (G.R. No. 231648), pp. 85–95.

²⁸ Id. at 86–89.

²⁹ Id. at 62–64.

³⁰ Id. at 13–31.

³¹ *Rollo* (G.R. No. 231829), pp. 3–24.

³² *Rollo* (G.R. No. 231648), pp. 19–21.

³³ Id. at 23–24.

³⁴ *Rollo* (G.R. No. 231829), pp. 9–14.

second, in finding that the bank deposits constitute ill-gotten wealth.

This Court grants the Republic's Petition and denies that of Racho.

The Sandiganbayan was created by virtue of Presidential Decree No. 1486.³⁵ Its functions and organizational structure have since been expanded and restricted through numerous amendments,³⁶ the latest being Republic Act No. 10660.³⁷ During the pendency of the case, Republic Act No. 8249³⁸ was in force, which provides that the Sandiganbayan shall have jurisdiction 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:

(a) Provincial governors, vice-governors, members of the sangguniang panlalawigan and provincial treasurers, assessors, engineers and other provincial department heads;

(b) City mayors, vice-mayors, members of the sangguniang panlungsod, city treasurers, assessors engineers and other city department heads;

(c) Officials of the diplomatic service occupying the position of consul and higher;

(d) Philippine army and air force colonels, naval captains, and all officers of higher rank;

(e) Officers of the Philippine National Police while occupying the position of provincial director and those holding the rank of senior superintendent or higher;

³⁵ Creating a Special Court to be Known as "Sandiganbayan" and for Other Purposes (1978).

³⁶ Presidential Decree No. 1606 (1978); Presidential Decree No. 1629 (1979); Presidential Decree No. 1822 (1981); Presidential Decree No. 1822-A (1981); Batas Pambansa Blg. 129 (1981); Presidential Decree No. 1850 (1982); Presidential Decree No. 1860 (1983); Presidential Decree No. 1861 (1983); Presidential Decree No. 1952 (1984); Executive Order No. 14 (1986); Executive Order No. 14-A (1986); Executive Order No. 101 (1986); Executive Order No. 184 (1987); Republic Act No. 7975 (1995); Republic Act No. 8249 (1997); and Republic Act No. 10660 (2015).

³⁷ An Act Strengthening Further the Functional and Structural Organization of the Sandiganbayan, Further Amending Presidential Decree No. 1606, as Amended, and Appropriating Funds Therefor, approved April 16, 2015.

³⁸ 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, approved February 5, 1997.

(f) City and provincial prosecutors and their assistants, and officials and prosecutors in the Office of the Ombudsman and special prosecutor;

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

(2) Members of Congress and officials thereof classified as Grade '27' and up under the Compensation and Position Classification Act of 1989;

(3) Members of the judiciary without prejudice to the provisions of the Constitution;

(4) Chairmen and members of Constitutional Commissions, without prejudice to the provisions of the Constitution; and

(5) All other national and local officials classified as Grade '27' and higher under the Compensation and Position Classification Act of 1989.

b. Other offenses or felonies whether simple or complexed with other crimes committed by the public officials and employees mentioned in subsection a of this section in relation to their office.

c. Civil and criminal cases filed pursuant to and in connection with Executive Order Nos. 1, 2, 14 and 14-A, issued in 1986.

In cases where none of the accused are occupying positions corresponding to salary grade '27' or higher, as prescribed in the said Republic Act No. 6758, or military or PNP officers mentioned above, exclusive original jurisdiction thereof shall be vested in the proper regional trial court, metropolitan trial court, municipal trial court and municipal circuit trial court as the case may be, pursuant to their respective jurisdiction as provided in Batas Pambansa Blg. 129, as amended.

The Sandiganbayan shall exercise exclusive appellate jurisdiction over final judgments, resolutions or orders of regional trial courts whether in the exercise of their own original jurisdiction or of their appellate jurisdiction as herein provided.

The Sandiganbayan shall have exclusive original jurisdiction over petitions for the issuance of the writs of mandamus, prohibition, certiorari, habeas corpus, injunctions, and other ancillary writs and processes in aid of its appellate jurisdiction and over petitions of similar nature, including quo warranto, arising or that may arise in cases filed or which may be filed under Executive Order Nos. 1, 2, 14 and 14-A, issued in 1986: Provided, That the jurisdiction over these petitions shall not be exclusive of the Supreme Court.

The procedure prescribed in Batas Pambansa Blg. 129, as well as the implementing rules that the Supreme Court has promulgated and may hereafter promulgate, relative to appeals/petitions for review to the Court of Appeals, shall apply to appeals and petitions for review filed with the Sandiganbayan. In all cases elevated to the Sandiganbayan and from the Sandiganbayan to the Supreme Court, the Office of the Ombudsman,

through its special prosecutor, shall represent the People of the Philippines, except in cases filed pursuant to Executive Order Nos. 1, 2, 14 and 14-A, issued in 1986.

In case private individuals are charged as co-principals, accomplices or accessories with the public officers or employees, including those employed in government-owned or controlled corporations, they shall be tried jointly with said public officers and employees in the proper courts which shall exercise exclusive jurisdiction over them.

Any provisions of law or Rules of Court to the contrary notwithstanding, the criminal action and the corresponding civil action for the recovery of civil liability shall at all times be simultaneously instituted with, and jointly determined in, the same proceeding by the Sandiganbayan or the appropriate courts, the filing of the criminal action being deemed to necessarily carry with it the filing of the civil action, and no right to reserve the filing of such civil action separately from the criminal action shall be recognized: Provided, however, That where the civil action had therefore been filed separately but judgment therein has not yet been rendered, and the criminal case is hereafter filed with the Sandiganbayan or the appropriate court, said civil action shall be transferred to the Sandiganbayan or the appropriate court, as the case may be, for consolidation and joint determination with the criminal action, otherwise the separate civil action shall be deemed abandoned.³⁹ (Emphasis supplied)

The Republic's Petition for the Forfeiture of Unlawfully Acquired Wealth was filed pursuant to Republic Act No. 1379,⁴⁰ which provides:

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. The Solicitor General, upon complaint by any taxpayer to the city or provincial fiscal who shall conduct a previous inquiry similar to preliminary investigations in criminal cases and shall certify to the Solicitor General that there is reasonable ground to believe that there has been committed a violation of this Act and the respondent is probably guilty thereof, shall file, in the name and on behalf of the Republic of the Philippines, in the Court of First Instance of the city or province where said public officer or employee resides or holds office, a petition for a writ commanding said officer or employee to show cause why the property aforesaid, or any part thereof, should not be declared property of the State: Provided, That no such petition shall be filed within one year before any general election or within three months before any special election.

The resignation, dismissal or separation of the officer or employee from his office or employment in the Government or in the Government-owned or controlled corporation shall not be a bar to the filing of the

³⁹ Republic Act No. 8249 (1997), sec. 4.

⁴⁰ 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 June 18, 1955.

petition: Provided, however, That the right to file such petition shall prescribe after four years from the date of the resignation, dismissal or separation or expiration of the term of the office or employee concerned, except as to those who have ceased to hold office within ten years prior to the approval of this Act, in which case the proceedings shall prescribe after four years from the approval hereof.

SECTION 6. *Judgment.* — If the respondent is unable to show to the satisfaction of the court that he has lawfully acquired the property in question, then the court shall declare such property, forfeited in favor of the State, and by virtue of such judgment the property aforesaid shall become property of the State: Provided, That no judgment shall be rendered within six months before any general election or within three months before any special election. The Court may, in addition, refer this case to the corresponding Executive Department for administrative or criminal action, or both.

Section 4(a) of Republic Act No. 8249 mentions violations of Republic Act No. 1379 as one of the matters falling within the Sandiganbayan's jurisdiction. However, the same is qualified and limited to violations of Republic Act No. 1379 committed by the officials listed in Section 4(a) of Republic Act No. 8249. For violations by officials excluded from the list, Section 4 vests jurisdiction in the proper trial court.

Accordingly, the Republic filed the Petition for the Forfeiture of Unlawfully Acquired Wealth against Racho, whose position was not among those enumerated in Section 4(a) of Republic Act No. 8249, before the Regional Trial Court.

Section 4 of Republic Act No. 8249 further provides that “[t]he Sandiganbayan shall exercise exclusive appellate jurisdiction over final judgments, resolutions or orders or regional trial courts.” Thus, the appeal should have been filed before the Sandiganbayan, as seen in the cases of *Villanueva v. People*,⁴¹ *Melencion v. Sandiganbayan*,⁴² and *Estarija v. People*.⁴³

In *Villanueva*, the Regional Trial Court affirmed the Municipal Circuit Trial Court's decision finding the accused guilty of solicitation or acceptance of gifts. The accused filed a petition for review before the Court of Appeals. The Court agreed with the Office of the Solicitor General that this was the wrong remedy.⁴⁴ The Sandiganbayan had exclusive appellate jurisdiction:

There is no quibble that petitioner, through her former counsel, had taken a wrong procedure. After the RTC rendered an adverse decision, she should have sought relief from the Sandiganbayan in conformity with R.A.

⁴¹ 659 Phil. 418 (2011) [Per J. Mendoza, Second Division].

⁴² 577 Phil. 223 (2008) [Per J. Carpio, First Division].

⁴³ 619 Phil. 457 (2009) [Per J. Chico-Nazario, Third Division].

⁴⁴ 659 Phil. 418, 426 (2011) [Per J. Mendoza, Second Division].

No. 8249. Under R.A. No. 8249, the Sandiganbayan shall exercise exclusive appellate jurisdiction over final judgments, resolutions or orders of regional trial courts whether in the exercise of their own original jurisdiction or of their appellate jurisdiction as herein provided. Thus:

Sec. 4. Jurisdiction. — The Sandiganbayan shall exercise exclusive original jurisdiction in all cases involving:

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:

....

In cases where none of the accused are occupying positions corresponding to Salary Grade '27' or higher, as prescribed in the said Republic Act No. 6758, or military and PNP officer mentioned above, exclusive original jurisdiction thereof shall be vested in the proper regional trial court, metropolitan trial court, municipal trial court, and municipal circuit trial court, as the case may be, pursuant to their respective jurisdictions as provided in Batas Pambansa Blg. 129, as amended.

The Sandiganbayan shall exercise exclusive appellate jurisdiction over final judgments, resolutions or orders of regional trial courts whether in the exercise of their own original jurisdiction or of their appellate jurisdiction as herein provided.

Pursuant thereto, the Sandiganbayan promulgated its own internal rules. Section 2, Rule XI, Part III of the Revised Internal Rules of the Sandiganbayan reads:

SEC. 2. *Petition for Review.* — Appeal to the Sandiganbayan from a decision of the Regional Trial Court in the exercise of its appellate jurisdiction shall be by a Petition for Review under Rule 42 of the 1997 Rules of Civil Procedure.⁴⁵ (Emphasis in the original, citations omitted)

Racho relies on the use of the term “accused” in the phrase “[i]n cases where none of the accused are occupying positions corresponding to Salary Grade ‘27’ or higher” in Section 4 of Republic Act No. 8249 to argue that the following paragraph regarding the Sandiganbayan’s exclusive appellate jurisdiction refers only to criminal cases.⁴⁶

⁴⁵ Id. at 426–427.

⁴⁶ *Rollo* (G.R. No. 231648), p. 123.

The use of the term “accused” in Republic Act No. 8249 is not material and does not indicate exclusive application of the rule to criminal cases. Prior to *Republic v. Sandiganbayan*⁴⁷ and *Almeda, Sr. v. Perez*,⁴⁸ there was confusion on the nature of forfeiture proceedings. The Court has since clarified that forfeiture proceedings are civil in nature.⁴⁹

The use of the term “accused” may also be because forfeiture of illegally acquired property amounts to a penalty, such that forfeiture proceedings are regarded as quasi-criminal and the right against self-incrimination is protected. The Court explained in *Garcia v. Sandiganbayan*:

The civil nature of an action for forfeiture was first recognized in *Republic v. Sandiganbayan*, thus: “[T]he rule is settled that forfeiture proceedings are actions in rem and, therefore, civil in nature.” Then, *Almeda, Sr. v. Perez*, followed, holding that the proceedings under R.A. No. 1379 do not terminate in the imposition of a penalty but merely in the forfeiture of the properties illegally acquired in favor of the State. It noted that the procedure outlined in the law leading to forfeiture is that provided for in a civil action.

However, the Court has had occasion to rule that forfeiture of illegally acquired property partakes the nature of a penalty. In *Cabal v. Kapunan, Jr.*, the Court cited voluminous authorities in support of its declaration of the criminal or penal nature of forfeiture proceedings, *viz*:

In a strict signification, a forfeiture is a divestiture of property without compensation, in consequence of a default or an offense, and the term is used in such a sense in this article. A forfeiture, as thus defined, is imposed by way of punishment not by the mere convention of the parties, but by the lawmaking power, to insure a prescribed course of conduct. It is a method deemed necessary by the legislature to restrain the commission of an offense and to aid in the prevention of such an offense. The effect of such a forfeiture is to transfer the title to the specific thing from the owner to the sovereign power.

“In Black’s Law Dictionary a ‘forfeiture’ is defined to be ‘the incurring of a liability to pay a definite sum of money as the consequence of violating the provisions of some statute or refusal to comply with some requirement of law.’ It may be said to be a penalty imposed for misconduct or breach of duty.”

....

“Generally speaking, informations for the forfeiture of goods that seek no judgment of fine or imprisonment against any person are deemed to be civil proceedings *in*

⁴⁷ 277 Phil. 759 (1991) [Per J. Regalado, *En Banc*].

⁴⁸ 116 Phil. 120 (1962) [Per J. Labrador, *En Banc*].

⁴⁹ *Garcia v. Sandiganbayan*, 499 Phil. 589, 614 (2005) [Per J. Tinga, *En Banc*].

rem. Such proceedings are criminal in nature to the extent that where the person using the *res* illegally is the owner of rightful possessor of it the forfeiture proceeding is in the nature of a punishment. They have been held to be so far in the nature of criminal proceedings that a general verdict on several counts in an information is upheld if one count is good. According to the authorities such proceedings, where the owner of the property appears, are so far considered as quasicriminal proceedings as to relieve the owner from being a witness against himself and to prevent the compulsory production of his books and papers[.]”

....

“Proceedings for forfeitures are generally considered to be civil and in the nature of proceedings *in rem*. The statute providing that no judgment or other proceedings in civil causes shall be arrested or reversed for any defect or want of form is applicable to them. In some aspects, however, suits for penalties and forfeitures are of quasi-criminal nature and within the reason of criminal proceedings for all the purposes of. . . that portion of the Fifth Amendment which declares that no person shall be compelled in any criminal case to be a witness against himself. The proceeding is one against the owner, as well as against the goods; for it is his breach of the laws which has to be proved to establish the forfeiture and his property is sought to be forfeited.”

Cabal v. Kapunan modified the earlier ruling in *Almeda, Sr. v. Perez*. The Court in *Cabal* held that the doctrine laid down in *Almeda* refers to the purely procedural aspect of the forfeiture proceedings and has no bearing on the substantial rights of respondents, particularly their constitutional right against self-incrimination. This was reaffirmed and reiterated in *Republic v. Agoncillo* and *Katigbak v. Solicitor General*.

The Sandiganbayan is vested with jurisdiction over violations of R.A. No. 1379, 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.*” What acts would constitute a violation of such a law? A reading of R.A. No. 1379 establishes that it does not enumerate any prohibited act the commission of which would necessitate the imposition of a penalty. Instead, it provides the procedure for forfeiture to be followed in case a public officer or employee has acquired during his incumbency an amount of property manifestly out of proportion to his salary as such public officer or employee and to his lawful income and income from legitimately acquired property. Section 12 of the law provides a penalty but it is only imposed upon the public officer or employee who transfers or conveys the unlawfully acquired property; it does not penalize the officer or employee for making the unlawful acquisition. In effect, as observed in *Almeda, Sr. v. Perez*, it imposes the penalty of forfeiture of the properties unlawfully acquired upon the respondent public officer or employee.

It is logically congruent, therefore, that violations of R.A. No. 1379 are placed under the jurisdiction of the Sandiganbayan, even though the proceeding is civil in nature, since the forfeiture of the illegally acquired

property amounts to a penalty. The soundness of this reasoning becomes even more obvious when we consider that the respondent in such forfeiture proceedings is a public officer or employee and the violation of R.A. No. 1379 was committed during the respondent officer or employee's incumbency and in relation to his office. This is in line with the purpose behind the creation of the Sandiganbayan, as an anti-graft court — to address the urgent problem of dishonesty in public service.⁵⁰ (Citations omitted)

Section 7 of Republic Act No. 1379, which states that “parties may appeal from the judgment of the Court of First Instance as provided in the Rules of Court for appeals in civil cases[,]” only refers to the procedure once the appeal is perfected. This is consistent with Rule XI, Section 2, of the 2002 Revised Internal Rules of the Sandiganbayan, which reads:

SEC. 2. Petition for Review. — Appeal to the Sandiganbayan from a decision of the Regional Trial Court in the exercise of its appellate jurisdiction shall be by a Petition for Review under Rule 42 of the 1997 Rules of Civil Procedure.

All told, the law does not distinguish between civil and criminal cases when it comes to the Sandiganbayan's exclusive appellate jurisdiction. As the Court of Appeals did not have jurisdiction to entertain Racho's appeal, the assailed Court of Appeals Decision is void and without effect.

As to the character of the bank deposits, Racho failed to present any evidence to rebut the presumption in Section 2 of Republic Act No. 1379 that the property manifestly out of proportion to his salary and other lawful income was unlawfully acquired. The Regional Trial Court⁵¹ and Court of Appeals⁵² was thus left to resort to the findings from the investigation conducted by the Office of the Ombudsman.

The same pieces of evidence have been passed upon by the Court in *Office of the Ombudsman v. Racho*:⁵³

The documents that Racho presented, like those purportedly showing that his brothers and nephew were financially capable of sending or contributing large amounts of money for their business, do not prove that they did contribute or remit money for their supposed joint business venture. Equally, the Special Power of Attorney that was supposedly issued by Vieto, Dido and Henry Racho in favor of Racho on January 28, 1993 to show their business plans, contained a glaringly inconsistent statement that belies the authenticity of the document, to wit:

1. To be the Trustee Attorney-in-fact of our

⁵⁰ Id. at 611–614.

⁵¹ *Rollo* (G.R. No. 231648), pp. 80–81.

⁵² Id. at 36.

⁵³ 656 Phil. 148 (2011) [Per J. Mendoza, Second Division].

investment in ANGELSONS LENDING AND INVESTORS, INC. of whom we are the Stockholders/Investors as well as the NAL PAY PHONE SERVICES, *which was registered by the DTI last April 30, 1999* in the name of NIETO RACHO's wife of whom we are likewise investors.

Definitely, a document that was allegedly executed in 1993 could not contain a statement referring to a future date "*registered by the DTI last April 30, 1999.*" This certainly renders the intrinsic and extrinsic value of the SPA questionable.

More important, the Joint Affidavits allegedly executed by Racho's siblings and nephew to corroborate his story were later *disowned and denied by his nephew, Henry, and brother, Vieto*, as shown by their Counter-Affidavits. Henry averred that he was out of the country at the time of the alleged execution of the Joint Affidavit on December 18, 2004 and he arrived in Manila only on September 16, 2005. Vieto, on the other hand, denied having signed the Joint Affidavit. He disclosed that as a left-handed person, he pushes the pen instead of pulling it. He concluded that the signature on the Joint Affidavit was made by a right-handed person. He likewise included a copy of his passport containing his real signature for comparison.

Thus, the SPA and Joint Affidavits which should explain the sources of Racho's wealth are dubious and merit no consideration.

Although Racho presented the SEC Certificate of Registration of *Angelsons*, the business that he supposedly put up with his relatives, he showed no other document to confirm that the business is actually existing and operating. He likewise tried to show that his wife built a business of her own but he did not bother to explain how the business grew and merely presented a Certificate of Registration of Business Name from the DTI. These documents, however, do not prove that Racho had enough other sources of income to justify the said bank deposits. Ultimately, only ₱1,167,186.33 representing his wife's retirement benefits, was properly accounted for. Even this money, however, was reduced by his loan payable of ₱1,000,000.00 as reflected in his 2000 SALN.⁵⁴ (Emphasis in the original, citations omitted)

The Court in *Office of the Ombudsman v. Racho* found that the pieces of evidence relied upon by Racho in the investigation by the Office of the Ombudsman "failed to satisfactorily explain the accumulation of his wealth or even identify the sources of such accumulated wealth."⁵⁵

The doctrine of *res judicata* by conclusiveness of judgment bars relitigating facts that have been judicially determined in a prior case.⁵⁶ This Court thus finds no reason to deviate from the finding that the subject bank deposits were unlawfully acquired.

⁵⁴ Id. at 161–163.

⁵⁵ Id. at 161.

⁵⁶ *Presidential Decree No. 1271 Committee v. De Guzman*, 801 Phil. 731, 765 (2016) [Per J. Leonen, Second Division].

While *Ong v. Sandiganbayan*⁵⁷ instructs that a co-respondent who is not a public official or employee should be afforded the right to a previous inquiry similar to a preliminary investigation, the same case ruled that their defenses are deemed subsumed in the submissions of their spouse:


Whatever defenses which Nelly Ong could have raised relative to the sources of funds used in the purchase of the questioned assets are deemed waived owing to the fact that they are subsumed in the submissions of her husband. Hence, even if she is entitled to a preliminary investigation, such an inquiry would be an empty ceremony.⁵⁸

Racho was given multiple opportunities to present proof of lawful sources of his wealth but he refused to do so before the Office of the Ombudsman and the Regional Trial Court. He cannot now claim that he had been deprived of due process, not when there are unrefuted findings that the properties he stands to lose come from unlawful sources.

ACCORDINGLY, the Petition of the Republic of the Philippines is **GRANTED** and the Petition of Nieto A. Racho is **DENIED**. The August 31, 2016 Decision and March 16, 2017 Resolution of the Court of Appeals in CA-G.R. CV No. 05251 are **REVERSED** and **SET ASIDE**. The November 16, 2013 Decision of the Regional Trial Court in Civil Case No. CEB-31764 forfeiting ₱5,793,881.39 in favor of the State is **AFFIRMED**.


The forfeited amount shall be subject to interest at the rate of six percent (6%) per annum from the finality of this Decision until full satisfaction.

SO ORDERED.



MARVIC M.V.F. LEONEN
Senior Associate Justice

WE CONCUR:



AMY C. LAZARO-JAVIER
Associate Justice

⁵⁷ 507 Phil. 6 (2005) [Per J. Tinga, Second Division].

⁵⁸ Id. at 28.



MARIO V. LOPEZ
Associate Justice



JHOSEP V. LOPEZ
Associate Justice

On leave
ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

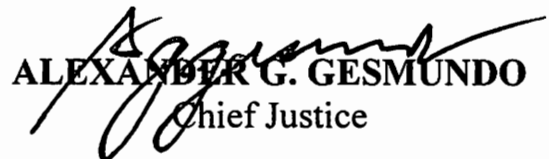
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M. V. F. LEONEN
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice