

**[ ADMINISTRATIVE ORDER NO. 425, December 27, 1977 ]**

**IN RE ADMINISTRATIVE CASE AGAINST FORMER CITY TREASURER JORGE G. ELARDO OF DUMAGUETE CITY**

This is an administrative case against City Treasurer Jorge G. Elardo of Dumaguete City, since retired, filed by Saturnino V. Maguiling et al. for economic sabotage, maladministration and abuse of authority for having allegedly connived with the City Council of Dumaguete City in allowing the lessee of the vacant space of the second floor of the city public market to convert the same into a movie house. The case was investigated by the Presidential Investigating-Committee (PIC) created under Administrative Order No. 175 dated July 14, 1969, as amended.

It appears that on May 17, 1971, the City of Dumaguete obtained a real estate loan of P400,000 from the Government Service Insurance System (GSIS) to finance the construction of its city central market; that due to the lack of interest of vendors to occupy the vacant space in the second floor of the market, the city council passed Resolution No. 203 dated July 3, 1974, authorizing the city mayor to enter into a contract of lease to the highest bidder; that after bidding, on August 27, 1974, a contract of lease was entered into by and between the City of Dumaguete and winning bidder Enrique F. Sy over the second floor for an annual rental of P10,000 for 15 years and renewable for another 10 years at the option of the parties with a stipulation that the lessee shall construct permanent improvements on the leased premises in the amount of not less than P300,000 which improvements shall become city property after the expiration of the 15-year period; and that the lessee subsequently converted the leased premises into a movie house.

In his answer respondent alleges that he is innocent of the charges and submitted evidence consisting of, among others, certified copies of (a) notice of lease of the premises pursuant to Resolution No. 203 of the City Council of Dumaguete City dated July 3, 1974, "calling for invitation to bid stipulating guidelines and requirements," (b) minutes of the Committee on Public Bidding in connection with the opening of bids, (c) letter of Enrique F. Sy dated August 12, 1974 submitting his bid at P10,000 per annum together with the proposal bond, (d) action of the committee dated August 22, 1974, recommending to the city council, through the city mayor, that a formal contract be drawn between the city government and the winning bidder, Enrique F. Sy, and (e) Resolution No. 285 of the city council dated September 26, 1974, ratifying the contract of lease; that complainants filed the same charges against the city mayor, the members of the city council and the city fiscal who were all exonerated therefrom by their respective department heads; that Cecilio V. Maguiling, one of the complainants and brother of Saturnino V. Maguiling, who participated in the public bidding but was disqualified for failure to submit the required proposal bond, was present during the opening of the bids; and that the leasing of the premises redounded to the benefit of the city government which generated an income of P11, 000 in rental fees and an amusement tax of around