Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

FIRST DIVISION

PRISCILA J. CRUZ and JOCELYN CRUZ DELOS REYES (in substitution of the deceased JULIO S. CRUZ),
Petitioners,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 8103
For*:* Assessment

Members:

DEL ROSARIO, P.J.,
UY, and
MINDARO-GRULLA, JJ.

Promulgated:
SEP 02 2016 ; 10:00 a.m.

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DECISION

MINDARO-GRULLA, J.:

This resolves the Petition for Review filed on May 7, 2010 by Spouses Julio S. Cruz and Priscila J. Cruz as petitioners, against the Commissioner of Internal Revenue (CIR), as respondent, for the Court in Division, pursuant to Section 7 (a) (1) of Republic Act (RA) No. 1125, An Act Creating the Court of Tax Appeals, as amended[1], as well as Rule 4, Section 3 (a) (1), in relation to Rule 8, Section 4(a), of the Revised Rules of the Court of Tax Appeals (RRCTA)[2].

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1 Sec. 7. *Jurisdiction.* –The CTA shall exercise:

(a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

x x x x x x

(1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;

x x x x x x

2 Rule 4. Sec. 3. *Cases within the jurisdiction of the Court in Division.* – The Court in Division shall exercise:

(a) Exclusive original over or appellate jurisdiction to review by appeal the following:

Petitioners seek to nullify the Formal Letter of Demand dated July 15, 2009 and Assessment Notices dated September 1, 2009 issued by respondent against petitioners for the alleged deficiency income taxes for taxable years 1992 to 2004, including increments, in the total amount of ₱804,941,747.88.

Petitioners are spouses with office address at Doña Priscila Building, Manila East Road, Taytay, Rizal.[3]

Respondent CIR is the Chief of the Bureau of Internal Revenue (BIR), the government agency charged with, among other powers and duties, the responsibility of collecting all national internal revenue taxes. She holds office at the BIR National Office Building, Diliman, Quezon City.

On May 6, 2008, petitioners' representative received a Letter of Authority (LOA 2007-00021886) dated April 30, 2008 issued by Hon. Gregorio V. Cabantac, Deputy CIR, Legal and Inspection Group, addressed to "Sps. Julio S. Cruz and Priscila J. Cruz", authorizing Revenue Officers Valentin C. Paz, Themos L. Maroket, and Edgardo S. Sabaresa, under the supervision of Raul Q. Magtagnob, all of the BIR National

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> x x x x x x
> (1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;
> x x x x x x

Rule 8. Sec. 4. *Where to appeal; mode of appeal.* –

(a) An Appeal from a decision or ruling or the inaction of the Commissioner of Internal Revenue on disputed assessments or claim for refund of internal revenue taxes erroneously or illegally collected; the decision or ruling of the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade & Industry, the Secretary of Agriculture, and the Regional Trial Court in the exercise of their original jurisdiction, shall be taken to the Court by filing before it a petition for review as provided in Rule 42 of the Rules of Court. The Court in Division shall act on the appeal.

[3] Par. 5, Joint Stipulation of Facts (JSF), Docket, p. 134.

Investigation Division, to examine "the books of accounts and other accounting records for all Internal Revenue Taxes for the period from Taxable Years 2004 and UPY".[4]

On April 24, 2009, petitioners' representative received a Preliminary Assessment Notice (PAN) dated February 27, 2009 issued by Deputy CIR Gregorio V. Cabantac, for the proposed assessment of ₱789,342,934.33 as deficiency income taxes, fifty percent (50%) surcharge, and interest for taxable years 1992 to 2004.[5]

On May 11, 2009 or within fifteen (15) days from April 24, 2009, petitioners, through counsel, filed a protest dated May 6, 2009 against the PAN pursuant to Section 228 of the National Internal Revenue Code (NIRC) of 1997, as amended, and its implementing Revenue Regulations (RR) No. 12-99 dated September 9, 1999.[6]

On September 17, 2009, petitioners, through their representative, received a Formal Letter of Demand dated July 15, 2009 and thirteen (13) Assessment Notices issued on September 1, 2009 to petitioners for alleged deficiency income taxes for taxable years 1992 to 2004.[7]

The computation of the alleged deficiency income taxes for each taxable years from 1992 to 2004 is contained in the disputed Assessment Notices dated September 1, 2009, to wit:[8]

YEAR	Basic Tax	50% Surcharge	Interest	Total
1992	₱13,923,460.00	₱6,961,730.00	₱45,483,302.67	₱66,368,492.67
1993	603,940.00	301,970.00	1,852,082.67	2,757,992.67
1994	14,703,398.00	7,351,699.08	42,149,741.37	64,204,838.45
1995	1,345,600.00	672,800.00	3,588,266.67	5,606,666.67
1996	21,160,600.00	10,580,300.00	52,196,146.67	83,937,046.67
1997	33,544,600.00	16,772,300.00	76,034,426.67	126,351,326.67
1998	30,843,504.72	15,421,752.36	63,743,243.09	110,008,500.17

[4] Par. 7, JSF, Docket, p. 134.
[5] Par. 8, JSF, Docket, p. 134.
[6] Par. 9, JSF, Docket, p. 135.
[7] Par. 10, JSF, Docket, p. 135.
[8] Par. 22, JSF, Docket, pp. 138-140; Exhibit "R-11", BIR Records, pp. 1025-1050.

1999	16,833,163.09	8,416,581.55	31,421,904.44	56,671,649.08
2000	18,991,601.08	9,495,800.54	31,652,668.47	60,140,070.09
2001	40,047,919.51	20,023,959.76	58,736,948.62	118,808,827.89
2002	21,600,401.75	10,800,200.87	27,360,508.88	59,761,111.50
2003	10,415,289.35	5,207,644.67	11,109,641.97	26,732,575.99
2004	9,968,725.02	4,984,362.51	8,639,561.68	23,592,649.21
Total	**₱233,982,202.67**	**₱116,991,101.34**	**₱453,968,443.87**	**₱804,941,747.88**

On October 16, 2009, or within thirty (30) days from September 17, 2009, petitioners, through counsel, filed a Letter of Protest to the FLD and Assessment Notices pursuant to Section 228 of the NIRC of 1997, as amended, and as implemented by RR No. 12-99.[9]

On April 12, 2010, petitioners' representative received a copy of the Final Decision on Disputed Assessment (FDDA) dated February 15, 2010 of Deputy CIR Gregorio V. Cabantac, denying the administrative protest of petitioners dated October 16, 2009 against the FLD dated July 15, 2009 and Assessment Notices dated September 1, 2009 for alleged deficiency income taxes for the taxable years 1992 to 2004 in the amount of ₱804,941,747.88.[10]

Thereafter, a Petition for Review was filed within thirty (30) days from receipt of the FDDA.[11]

Respondent filed her Answer[12] on June 28, 2010 with the following Special and Affirmative Defenses:

> "4. Contrary to the claims of petitioner, the subject Formal Letter of Demand and the 1992 to 2004 deficiency income tax Assessment Notices are valid. The complete details as required by law were attached as Annex 'A-1' in the Formal Letter of Demand.

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[9] Par. 11, JSF, Docket, p. 135.
[10] Pars. 2 and 3, JSF, Docket, pp. 133-134.
[11] Par. 13, JSF, Docket, p. 135.
[12] Docket, pp. 97-103.

5. The statements contained in Annex 'A-1' are the factual verifications which resulted in the assessment and the discovery of fraud. It also contains the legal basis for such assessments.

6. Petitioner's disbelief with the assessments does not necessarily deprive them their rights to due process. They were properly informed of the findings of the Revenue Officers. This disbelief gives them an option to file an administrative protest.

7. There is no basis in saying that the factual investigation arose from the Tax Amnesty Return and Statement of Assets, Liabilities and Net Worth as claimed by petitioner. There was no such documents in the BIR Records of the instant case.

8. Based on the BIR Records, Joint preliminary investigation revealed that petitioners are filing and paying their combined annual tax returns for 2004 and prior years under BIR Form 1700 (individuals earning compensation income only). Investigations show that petitioners own vast land holding including the office building where BIR Revenue District Office No. 46 is presently holding office. Further, investigation through Securities and Exchange Commission's records confirmed that petitioners are the majority stockholders of Manila East Holdings Corporation (MEHCO) and J.S. Cruz Construction and Development Corporation (CRUZCON) with business addresses at Dona Priscila Building, Manila East Road, Taytay, Rizal.

9. Revenue Officers used the Direct Method of Proof or Specific item method in the conduct of their investigation. This method simply looks for a specific financial transaction and the establishment of the direct link between the taxpayer and the flow of funds. In the conduct of the investigation, there are unsubstantiated and unexplained movement of funds of petitioners

which transferred funds to two corporations as Paid Up Capital, Advances and Deposits of Future Subscription to MEHCO, and Cash Advances and Cash Deposits to CRUZCON from 1992 to 2004 with a combined total of P775,916,011.35.

10. The Point-of-payment analysis begins with the unexplained and unsubstantiated financial transactions of petitioner while the point of receipt begins with the recipient of funds namely MEHCO and CRUZCON.

11. Upon verification with BIR's Integrated Tax System, it was found that the reported compensation income as reported by petitioners in their combined Income Tax Returns from 1999 to 2004 totaled P9,686,480.00.

12. Petitioner's failure to file and to include in their Income Tax Returns the sources of various investments which totaled to P743,366,011.58 from 1992 to 2000 are proofs of fraud.

13. Petitioners believe that the income tax assessments are already barred by the Statute of Limitations, however Section 222 (a) of the 1997 Tax Code states otherwise:

> 'In case of a false or fraudulent return with intent to evade tax or failure to file a return, the tax may be assessed or a proceeding in court for the collection of such tax may be filed without assessment, at any time within 10 years after the discovery of the falsity, fraud or omission: *Provided*, That in a fraud assessment which has become final and executory, the fact of fraud shall be judicially taken cognizance of in the civil and criminal action for the collection thereof.'

Clearly, in cases of false and fraudulent returns, prescription begins at the point of discovery of the fraud or falsity and ends ten years after such discovery. In this case, it started with the issuance of the Letter of Authority No. 00021886 on April 30, 2008 which is definitely within the ten year period.

14. Fraud is based on Section 248 (b) of the 1997 Tax Code arising from the following:

    a. Willful neglect to file return prescribed by the Tax Code and its rules and regulations.

    b. Willful filing of false and fraudulent returns with intent to evade payment of correct income taxes.

15. Petitioners are deluded to claim the allegation of fraud must be proven by more than a mere preponderance of evidence. Thus, petitioners' claim that the burden of proof with respect to an allegation of fraud requires proof beyond reasonable doubt is absurd. Anyone who studied Remedial Law and Administrative Law knows that the quantum of proof in administrative cases is substantial evidence, as stated in Rules of Court, Rule 133 Section 5 which states:

    'Rule 133. Weight and Sufficiency of Evidence

    Sec. 5. *Substantial evidence.* – In cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.'

16. Petitioner was assessed pursuant to Section 29 (a) of NIRC of 1977 and Section 32 (A)(2) of NIRC of 1997 in the total amount of P804,941,747.88. *c*

17. Finally, it is a well-settled rule in taxation that assessments are *prima facie* presumed correct and made in good faith. The taxpayer has the duty of proving otherwise, and in the absence of proof of any irregularities in the performance of official duties, an assessment will not be disturbed."[13]

The case was then set for pre-trial conference on August 5, 2010.[14]

Respondent's Pre-Trial Brief[15] was filed on July 23, 2010; while the Pre-Trial Brief for the Petitioners[16] was filed on August 2, 2010. Thereafter, the parties submitted their Joint Stipulation of Facts (JSF)[17] on August 20, 2010, which was approved in the Court's Resolution[18] dated August 24, 2010. The Court then issued the Pre-Trial Order[19] which terminated the pre-trial.

Meanwhile, petitioner Julio S. Cruz died on May 21, 2012, and he was substituted by his eldest daughter, Ms. Jocelyn Cruz-Delos Reyes.[20]

The trial on the merits ensued. Petitioners presented the following witnesses:

1. Engr. Elwell O. Loma;[21]
2. Mrs. Gloria D. Dar;[22]
3. Mr. Cornelio Gildo Gayumali, Jr.;[23]
4. Mr. Juanito D. San Juan;[24]

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[13] Docket, pp. 98-101.
[14] Notice of Pre-Trial Conference issued on June 29, 2010, Docket, p. 105.
[15] Docket, pp. 107-113.
[16] Docket, pp. 115-127.
[17] Docket, pp. 133-143.
[18] Docket, p. 145.
[19] Docket, pp. 1342-1405.
[20] Docket, p. 1405.
[21] Docket, pp. 200-219.
[22] Docket, pp. 389-396.
[23] Docket, pp. 421-431.
[24] Docket, pp. 452-463.

5. Ms. Adrelina V. Hife;[25]
6. Ms. Lou P. Mercado;[26]
7. Mrs. Remedios C. Mercado;[27]
8. Mr. Bernardo Borja De Leon;[28]
9. Engr. Norberto A. Bernad;[29]
10. Engr. Enrico L. Delos Reyes;[30]
11. Mr. Florencio A. Layco;[31]
12. Ms. Judy C. Dellota;[32]
13. Ms. Leonida O. Reyes;[33]
14. Ms. Jocelyn C. Delos Reyes;[34] and
15. Ms. Nieves C. Caceres.[35]

After the presentation of testimonial and documentary evidence, petitioners formally rested their case and filed their Formal Offer of Evidence[36] on April 21, 2014. Petitioners offered and submitted Exhibits "A" to "ZZZZZZZ-3".

The Court admitted petitioners' documentary evidence except Exhibits "OO-5", "TTTTTTT, TTTTTTT-1 and TTTTTTT-2", "UUUUUUU to UUUUUUU-8", "U", "W", "X", "X-1", "X-2 and X-4, X-5, X-6, X-7, X-8, X-9, X-10, X-11, X-12, X-13, X-14 and X-15", "X-3", "X-16", "X-17", "OO-4", "OO-4-a", "OO-4-b", "OO-4-1", "OO-4-1-a", "OO-5-1", "OO-5-1-a", "OO-5-9", "OO-5-9-a", "OO-5-20", "OO-5-20-a", "OO-5-21", "OO-5-21-a", "OO-5-22", "OO-5-22-a", "OO-5-23", "OO-5-23-a", "OO-6", "OO-6-1", "OO-6-2 and OO-6-3", "OO-6-4, OO-6-5 and OO-6-6", "OO-6-8 and OO-6-9", "OO-7-1, OO-7-2, "OO-8", "OO-9", "PP", "QQ", "QQ-1", "RR", "RR-1", "SS and TT", "TT-1", "UU", "VV", "WW", "XX", "YY", "ZZ", "AAA", "AAAA", "PPPP", "QQQQ", "QQQQ-1", "QQQQ-2", "QQQQ-3",

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[25] Docket, pp. 547-551.
[26] Docket, pp. 690-703.
[27] Docket, pp. 874-879.
[28] Docket, pp. 916-923.
[29] Docket, pp. 979-983.
[30] Docket, pp. 1028-1035.
[31] Docket, pp. 1151-1171.
[32] Docket, pp. 1276-1295.
[33] Docket, pp. 1417-1431.
[34] Docket, pp. 1504-1514.
[35] Docket, pp. 1535-1547.
[36] Docket, pp. 1561-1694.

"QQQQ-4", "QQQQ-5", "QQQQ-6", "QQQQ-7", "QQQQ-8", "QQQQ-9", "QQQQ-10", "QQQQ-11", "QQQQ-12", "QQQQ-13", "QQQQ-14", "QQQQ-15", "QQQQ-16", "QQQQ-17", "QQQQ-18", "QQQQ-19", "QQQQ-20", "QQQQ-21", "QQQQ-22", "QQQQ-23", "QQQQ-24", "QQQQ-25", "QQQQ-26", "SSSS-2", "SSSS-3", "SSSS-4", "SSSS-5", "SSSS-6", "SSSS-8", "SSSS-9", "SSSS-10", "SSSS-11", "XXXX and XXXX-1", "YYYY", "ZZZZ and ZZZZ-1", "AAAAA", "BBBBB and BBBBB-1", "CCCCC", "DDDDD", "EEEEE", "FFFFF", "GGGGG", "HHHHH", "IIIII", "JJJJJ", "KKKKK", "LLLLL", "MMMMM", "NNNNN and NNNNN-1", "OOOOO and PPPPP", "QQQQQ and RRRRR", "SSSSS and TTTTT", "UUUUU and VVVVV", "WWWWW", "XXXXX", YYYYY", "ZZZZZ", "HHHHHH", "BBBBBBB", "CCCCCCC", "DDDDDDD", "EEEEEEE", "FFFFFFF", "GGGGGGG", "HHHHHHH", "IIIIIII", "JJJJJJJ", "KKKKKKK", "LLLLLLL", "MMMMMMM and NNNNNNN", "BBBBBBB-1", "OOOOOOO", "OO-4-45, OO-4-46 and OO-4-47", "XXXXXXX-1", "OO-4-7, OO-4-8 and OO-4-9", "OO-6-7", "OO-7-3, OO-7-4, OO-7-5 and OO-7-6", "SSSS-7", "OO-7" and "GGGGGG-1" to "GGGGGG-33".[37]

Petitioners' documentary exhibits which were admitted are as follows:

Exhibits:	Descriptions:
A	Letter of Authority LOA 2007-00021886 issued by Gregorio V. Cabantac, Deputy Commissioner of Internal Revenue, dated April 30, 2008
A-1	BIR Audit Requirements
A-2	Income Tax Returns and Receipt of Payments
B	Preliminary Assessment Notice received by petitioner on April 24, 2009
B-1	Annex A-1 of Preliminary Assessment Notice
C to C-5	Petitioner's Protest dated May 06, 2009 against PAN
C-6	Signature of Tomas B. Temprosa, Jr., counsel for the taxpayers
C-7	Stamped Received dated May 11, 2009
D to D-1	Formal Letter of Demand dated July 15, 2009 and
D-2 to D-3	Assessment Notices issued on September 1, 2009
E to E-1	Final Decision on Disputed Assessments dated February 15, 2010 and received by petitioner's

[37] Docket, pp. 1790-1795.

	representative on April 12, 2010
E-2	Stamped received on April 12, 2010 of the Final Decision on Disputed Assessments dated February 15, 2010
F	Professional identification card issued by the PRC to Julio S. Cruz, civil engineer, with Registration No. 0003644 with date of registration, November 13, 1953
F-1	Registration date in the PRC ID
G	Income Tax Return filed by petitioners on March 15, 1993 for taxable year 1992
G-1	Gross Income in the Income Tax Return filed by petitioners on March 15, 1993 for taxable year 1992
H	Income Tax Return filed by petitioners filed on March 16, 1994 for taxable year 1993
H-1	Gross Income in the Income Tax Return for taxable year 1993
I	Income Tax Return filed by petitioners on March 15, 1995 for taxable year 1994
I-1	Gross Income in the Income Tax Return for taxable year 1994
J	Income Tax Return filed by petitioners on March 12, 1996 for taxable year 1995
J-1	Gross Income in the Income Tax Return for taxable year 1995
K	Income Tax Return filed by petitioners on April 2, 1997 for taxable year 1996
K-1	Gross Income in the Income Tax Return for taxable year 1996
L	Income Tax Return filed by petitioners on April 14, 1998 for taxable year 1997
L-1	Gross Income in the Income Tax Return for taxable year 1997
M	Income Tax Return filed by petitioners on April 15, 1999 for taxable year 1998
M-1	Gross Income in the Income Tax Return for taxable year 1998
N	Income Tax Return filed by petitioners on April 12, 2000 for taxable year 1999
N-1	Gross Income in the Income Tax Return for taxable year 1999
O	Income Tax Return filed by petitioners on March 21, 2001 for taxable year 2000
O-1	Gross Income in the Income Tax Return for taxable year 2000
P	Income Tax Return filed by petitioners on April 15, 2002 for taxable year 2001
P-1	Gross Income in the Income Tax Return for taxable year 2001
Q	Income Tax Return filed by petitioners on April 15, 2003 for taxable year 2002

Q-1	Gross Income in the Income Tax Return for taxable year 2002
R	Income Tax Return filed by petitioners on April 15, 2004 for taxable year 2003
R-1	Gross Income in the Income Tax Return for taxable year 2003
S	Income Tax Return filed by petitioners on April 15, 2005 for taxable year 2004
S-1	Gross Income in the Income Tax Return for taxable year 2004
T	Articles of Incorporation and By-Laws of J.S. Cruz Construction and Development, Inc. with SEC Certificate of Registration thereof issued on November 19, 1973
T-1	Signatures on Page 4 of the Articles of Incorporation of J.S. Cruz Construction and Development, Inc.
T-2	Amounts of Capital Stock Subscribed in Page 3 of the Articles of Incorporation of J.S. Cruz Construction and Development, Inc.
V	Articles of Incorporation and By-Laws of Manila East Holdings (MEHCOR) Corporation with SEC Certificate of Registration thereof issued on September 3, 1992
V-1	Signatures on Page 8 of the Articles of Incorporation of MEHCOR
V-2	Amounts of Capital Stock Subscribed and Paid Up in Page 6 of the Articles of Incorporation of MEHCOR
Y	Certification dated September 17, 2009 issued by Ms. Estrellita T. Puno, Chief, Administrative Division of the BIR
Z and Z-1	Certificate of Disposal of Records dated July 3, 2009 and July 08, 2009 issued by the National Archives of the Philippines
AA	Assessment Notice No. ES-IT-1992-0794, dated September 01, 2009 for the year 1992
AA-1	Computation of assessment
BB	Assessment Notice No. ES-IT-1993-0795 dated September 01, 2009 for the year 1993
BB-1	Computation of assessment
CC	Assessment Notice No. ES-IT-1994-0796 dated September 01, 2009 for the year 1994
CC-1	Computation of assessment
DD	Assessment Notice No. ES-IT-1995-0797 dated September 01, 2009 for the year 1995
DD-1	Computation of assessment
EE	Assessment Notice No. ES-IT-1996-0798 dated September 01, 2009 for the year 1996
EE-1	Computation of assessment
FF	Assessment Notice No. ES-IT-1997-0799 dated September 01, 2009 for the year 1997

FF-1	Computation of assessment
GG	Assessment Notice No. ES-IT-1998-0800 dated September 01, 2009 for the year 1998
GG-1	Computation of assessment
HH	Assessment Notice No. ES-IT-1999-0801 dated September 01, 2009 for the year 1999
HH-1	Computation of assessment
II	Assessment Notice No. ES-IT-2000-0802 dated September 01, 2009 for the year 2000
II-1	Computation of assessment
JJ	Assessment Notice No. ES-IT-2001-0803 dated September 01, 2009 for the year 2001
JJ-1	Computation of assessment
KK	Assessment Notice No. ES-IT-2002-0804 dated September 01, 2009 for the year 2002
KK-1	Computation of assessment
LL	Assessment Notice No. ES-IT-2003-0805 dated September 01, 2009 for the year 2003
LL-1	Computation of assessment
MM	Assessment Notice No. ES-IT-2004-0806 dated September 01, 2009 for the year 2004
MM-1	Computation of assessment
NN	Petitioner's administrative protest dated October 16, 2009
NN-1 to NN-12	Page 2 to Page 13 of petitioner's administrative protest dated October 16, 2009
NN-13	Certification dated September 17, 2009 signed by Estrellita T. Puno of the BIR
NN-14	Certificate of Disposal of Records dated July 3, 2009 signed by Pacita R. del Rosario of the National Archives of the Philippines
OO	Letter dated December 01, 2009 addressed to the Hon. Gregorio V. Cabantac, Deputy CIR
OO-1	List of supporting documents attached to the letter dated December 01, 2009
OO-2	Annex A consisting of 1 page showing the summary of accumulated savings of Sps. Julio S. Cruz and Priscila J. Cruz from 1961 to 1992
OO-3	Annex B consisting of 16 pages showing the details of payroll deductions for stock subscription by Sps. Julio S. Cruz and Priscila J. Cruz at MEHCOR from 1992 to 2000
OO-4-2 and OO-4-2-a	Certified True Copy of Declaration of Real Property by Julio S. Cruz under Tax Declaration No. 00-TY-004-5453; and Market Value in the amount of Php2,773,400.00
OO-4-3 and OO-4-3-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-10671; and Market Value in the amount of Php388,500.00
OO-4-4 and OO-4-5	Bilihan ng Isang Pirasong Solar na may Pasubali made and executed by Antonio C. Esguerra and

	Lolita Millan in favor of Julio Cruz and Priscila Cruz on October 31, 1972; and Page 2 thereof
OO-4-6 and OO-4-6-a	Certified True Copy of Declaration of Real Property by Julio S. Cruz under Tax Declaration No. 00-TY-004-10666; and Market Value in the amount of Php536,200.00
OO-4-10 and OO-4-10-a	Certified True Copy of Declaration of Real Property by Julio S. Cruz under Tax Declaration No. 00-TY-004-13237; and Market Value in the amount of Php2,980,500.00
OO-4-11 and OO-4-11-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9677; and Market Value in the amount of Php79,590.00
OO-4-12 and OO-4-12-1	Certified True Copy of Declaration of Real Property by Julio S. Cruz under Tax Declaration No. 00-TY-004-13238; and Market Value in the amount of Php88,500.00
OO-4-13 and OO-4-13-a	Certified True Copy of Declaration of Real Property by Julio S. Cruz under Tax Declaration No. 00-TY-004-13239; and Market Value in the amount of Php1,222,500.00
OO-4-14 and OO-4-14-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-15011; and Market Value in the amount of Php5,207,300.00
OO-4-15	Deed of Absolute Sale made and executed by Romeo M. Ibarra, et al in favour of Spouses Julio and Priscila Cruz on June 21, 1996
OO-4-16	Page 2 of the Deed of Absolute Sale dated June 21, 1996
OO-4-17	Page 3 of the Deed of Absolute Sale dated June 21, 1996
OO-4-18 and OO-4-18-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-00407451; and Market Value in the amount of Php1,010.00
OO-4-19 and OO-4-19-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7491; and Market Value in the amount of Php1,500.00
OO-4-20 and OO-4-20-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7437; and Market Value in the amount of Php4,500.00
OO-4-21 and OO-4-21-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7446; and Market Value in the amount of Php3,060.00
OO-4-22 and OO-4-22-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7499; and

	Market Value in the amount of Php3,320.00
OO-4-23 and OO-4-24	Deed of Absolute Sale made and executed by Engracia Gonzales in favour of Sps. Julio S. Cruz & Priscila J. Cruz on December 18, 1996; and Page 2 thereof
OO-4-26 and OO-4-26-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7484; and Market Value in the amount of Php6,000.00
OO-4-27 and OO-4-28	Deed of Absolute Sale made and executed by Teresita R. San Juan in favour or Sps. Julio S. Cruz & Priscila J. Cruz on December 18, 1996; and Page 2 thereof
OO-4-29	Annex "A" of the Deed of Absolute Sale dated December 18, 1996
OO-4-30 and OO-4-30-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7452; and Market Value in the amount of Php3,000.00
OO-4-31 and OO-4-31-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7483; and Market Value in the amount of Php4,500.00
OO-4-32 and OO-4-32-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9747; and Market Value in the amount of Php3,000.00
OO-4-33 and OO-4-34 OO-4-35	Deed of Absolute Sale made and executed by Angelita B. Alcantara in favor of Spouses Julio and Priscila Cruz in 1996; and Page 2 and 3 thereof
OO-4-36 and OO-4-36-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9752; and Market Value in the amount of Php2,880.00
OO-4-37 and OO-4-38	Deed of Absolute made and executed by Sps. Tomas G. Alcantara & Imelda D. Alcantara in favour of Sps. Julio S. Cruz & Priscila J. Cruz on December 18, 1996; and Page 2 thereof
OO-4-39	Annex "A" of the Deed of Absolute Sale dated December 18, 1996
OO-4-40 and OO-4-40-a	Certified True Copy of Declaration of Real Property by Julio S. Cruz under Tax Declaration No. 00-TY-004-9713; and Market Value in the amount of Php136,290.00
OO-4-41 and OO-4-42	Deed of Absolute Sale of Unregistered Private Agricultural Land made and executed by Juan Cruz et al in favor of Spouses Julio S. Cruz and Priscila J. Cruz on May 19, 1972; and Page 2 thereof
OO-4-43 and OO-4-43-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz and Priscila J. Cruz under Tax

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	Declaration No. 00-TY-004-14158; and Market Value in the amount of Php1,392,000.00
OO-4-44 and OO-4-44-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14988; and Market Value in the amount of Php9,284,100.00
OO-4-48 and OO-4-48-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-15014; and Market Value in the amount of Php25,712,400.00
OO-4-49 and OO-4-49-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz and Priscila J. Cruz under Tax Declaration No. 00-TY-004-9861; and Market Value in the amount of Php400,215.00
OO-4-50 and OO-4-50-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-13718; and Market Value in the amount of Php118,800.00
OO-4-51 and OO-4-51-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-13719; and Market Value in the amount of Php136,200.00
OO-4-52 and OO-4-53	Deed of Absolute Sale made and executed by Ma. Cristina Borja Resurreccion in favor of Sps. Julio S. Cruz and Priscila J. Cruz on August 12, 1997; and Page 2 thereof
OO-4-54	Annex "A" of the Deed of Absolute sale dated August 12, 1997
OO-4-55 and OO-4-55-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz and Priscila J. Cruz under Tax Declaration No. 00-TY-004-14155; and Market Value in the amount of Php90,470.00
OO-4-56 and OO-4-57	Deed of Absolute Sale made and executed by Candida Borja et al in favour of Sps. Julio S. Cruz and Priscila J. Cruz on February 12, 1997; and Page 2 thereof
OO-4-58 and OO-4-58-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14234; and Market Value in the amount of Php3,599,400.00
OO-4-59 and OO-4-59-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz and Priscila J. Cruz under Tax Declaration No. 00-TY-004-9684; and Market Value in the amount of Php196,005.00
OO-4-60 and OO-4-60-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9690; and Market Value in the amount of Php25,280.00
OO-4-61 and OO-4-61-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9865; and Market Value in the amount of Php1,355,200.00
OO-4-62 and	Certified True Copy of Declaration of Real Property

OO-4-62-a	by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9866; and Market Value in the amount of Php3,349,500.00
OO-4-63 and OO-4-63-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14156; and Market Value in the amount of Php1,778,400.00
OO-4-64 and OO-4-64-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-15008; and Market Value in the amount of Php5,201,700.00
OO-4-65 and OO-4-66	Deed of Absolute Sale made and executed by Sps. Mateo de Guzman & Leticia de Guzman in favor of Spouses Julio S. Cruz & Priscila J. Cruz on September 5, 1997; and Page 2 thereof
OO-4-67 and OO-4-67-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-17401; and Market Value in the amount of Php316,800.00
OO-4-68, OO-4-69 and OO-4-70	Deed of Absolute Sale made and executed by Belen C. Borja in favor of Spouses Julio S. Cruz and Priscila J. Cruz on August 8, 1997; Page 2 and 3 thereof
OO-4-71 and OO-4-71-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7438; and Market Value in the amount of Php135,800.00
OO-4-72 and OO-4-73	Deed of Absolute Sale made the executed by Sps. Eladio B. Calderon and Nacing R. Calderon in favor of Sps. Julio S. Cruz and Priscila J. Cruz on March 6, 1997; and Page 2 thereof
OO-4-74	Annex "A" of the Deed of Absolute Sale dated March 6, 1997
OO-4-75 and OO-4-75-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-13715; and Market Value in the amount of Php126,600.00
OO-4-76 and OO-4-77	Deed of Absolute Sale made and executed by Alicia B. Sanvictores in favor of Sps. Julio S. Cruz and Priscila J. Cruz on October 17, 1997; and Page 2 thereof
OO-4-78	Annex "A" of the Deed of Absolute Sale dated October 17, 1997
OO-4-79 and OO-4-79-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14099; and Market Value in the amount of Php1,228,500.00
OO-4-80 and OO-4-80-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14152; and Market Value in the amount of Php139,800.00

OO-4-81 and OO-4-82	Deed of Absolute Sale made and executed by Alfredo Zapeda and Arminda Zapeda in favour of Spouses Julio S. Cruz and Priscila J. Cruz on August 5, 1997; and Page 2 thereof
OO-4-83	Annex "A" of the Deed of Absolute Sale dated August 5, 1997
OO-4-84 and OO-4-84-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14153; and Market Value in the amount of Php137,400.00
OO-4-85 and OO-4-85-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14839; and Market Value in the amount of Php3,083,400.00
OO-4-86 and OO-4-86-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-15179; and Market Value in the amount of Php124,880.00
OO-4-87 and OO-4-88	Deed of Absolute Sale made the executed by Heris of Librada P. del Rosario in favor of Spouses Julio and Priscila Cruz on October 17, 1997; and Page 2 thereof
OO-4-89	Annex "A" of the Deed of Absolute Sale dated October 17, 1997
OO-4-90 and OO-4-90-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14232; and Market Value in the amount of Php568,800.00
OO-4-91 and OO-4-92	Deed of Absolute Sale made and executed by Felicidad Dominguez Bunyi in favor of Sps. Julio S. Cruz and Priscila J. Cruz on June 17, 1997; and Page 2 thereof
OO-4-93 and OO-4-93-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-14233; and Market Value in the amount of Php756,600.00
OO-4-94 and OO-4-94-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-7477; and Market Value in the amount of Php178,500.00
OO-4-95 and OO-4-95-a	Certified True Copy of Declaration of Real Property by Sps. Julio S. Cruz & Priscila J. Cruz under Tax Declaration No. 00-TY-004-9774; and Market Value in the amount of Php84,000.00
OO-4-96 and OO-4-97	Deed of Absolute Sale made and executed by Domingo C. Cruz, Jr. in favor of Sps. Julio S. Cruz and Priscila J. Cruz on December 18, 1996; and Page 2 thereof
OO-5-1-b	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amutn of Php9,320,000.00 under Union Bank of the Philippines Check No.

	0006206532 payable to CASH (FOR FOR EMF-ASSAD)
OO-5-2	Union Bank Check No. 0006206533 dated February 11, 2008 in the amount of Php3,728,000.00
OO-5-2-a	Endorsement for payment at China Bank on February 15, 2008 as shown at the back of the check
OO-5-2-b	Cancelled United Coconut Planters Bank Check No. 0000055879 dated September 7, 2005 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-2-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php3,728,000.00 under Union Bank of the Philippines Check No. 0006206533 payable to CASH (FOR EMD-ASSAD)
OO-5-3	Union Bank Check no. 0006206534 dated February 11, 2008 in the amount of Php9,905,000.00
OO-5-3-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-3-b	Cancelled United Coconut Planters Bank Check No. 0000055844 dated October 10, 2003 payable to the order of "CASH" in the amount of Php5,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-3-c	CRUZON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php9,905,000.00 under Union Bank of the Philippines Check No. 0006206534 payable to CASH (FOR FOR EMF-ASSAD)
OO-5-4	Union Bank Check No. 0006206535 dated February 11, 2008 in the amount of Php5,943,000.00
OO-5-4-a	Endorsement for payment at China Bank on February 18, 2008 as shown at the back of the check
OO-5-4-b	Cancelled Metropolitan Bank and Trust Company Check No. 2670055845 dated June 10, 2004 payable to the order of "CASH" in the amount of Php3,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-4-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php5,943,000.00 under Union Bank of the Philippines Check No.

	0006206535 payable to CASH (FOR EMF-ASSAD)
OO-5-5	Union Bank Check No. 0006206546 dated February 11, 2008 in the amount of Php3,960,000.00
OO-5-5-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-5-b	Cancelled United Coconut Planters Bank Check No. 0000055807 dated June 11, 2004 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-5-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php3,960,000.00 under Union Bank of the Philippines Check No. 0006206536 payable to CASH (FOR EMF-ASSAD)
OO-5-6	Union Bank Check No. 0006206537 dated February 11, 2008 in the amount of Php8,024,000.00
OO-5-6-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-6-b	Cancelled United Coconut Planters Bank Check No. 0000055808 dated June 15, 2004 payable to the order of "CASH" in the amount of Php4,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-6-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php8,024,000.00 under Union Bank of the Philippines Check No. 0006206537 payable to CASH (FOR EMF-ASSAD)
OO-5-7	Union Bank Check No. 0006206538 dated February 11, 2008 in the amount of Php3,952,000.00
OO-5-7-a	Endorsement for payment at Equitable Savings Bank on February 15, 2008 as shown at the back of the check
OO-5-7-b	Cancelled United Coconut Planters Bank Check No. 0000055810 dated June 15, 2004 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-7-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php3,952,000.00 under Union Bank of the Philippines Check No. 0006206538 payable to CASH (FOR EMF-ASSAD)
OO-5-8	Union Bank Check No. 0006206539 dated

	February 11, 2008 in the amount of Php3,948,000.00
OO-5-8-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-8-b	Cancelled United Coconut Planters Bank Check No. 0000055785 dated June 17, 2004 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-8-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php3,948,000.00 under Union Bank of the Philippines Check No. 0006206539 payable to CASH (FOR EMF-ASSAD)
OO-5-10	Union Bank Check No. 0006206541 dated February 11, 2008 in the amount of Php5,919,000.00
OO-5-10-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-10-b	Cancelled United Coconut Planters Bank Check No. 0000055818 dated June 18, 2004 payable to the order of "CASH" in the amount of Php3,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-10-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php5,919,000.00 under Union Bank of the Philippines Check No. 0006206541 payable to CASH (FOR EMF-ASSAD)
OO-5-11	Union Bank Check No. 0006206542 dated February 11, 2008 in the amount of Php3,466,000.00
OO-5-11-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-11-b	Cancelled Metropolitan Bank and Trust Company Check No. 2670055846 dated June 18, 2004 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-11-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php3,466,000.00 under Union Bank of the Philippines Check No. 0006206542 payable to CASH (FOR EMF-ASSAD)
OO-5-12	Union Bank Check No. 0006206543 dated February 11, 2008 in the amount of Php10,015,000.00

OO-5-12-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-12-b	Cancelled United Coconut Planters Bank Check No. 0000055847 dated July 18, 2004 payable to the order of "CASH" in the amount of Php5,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-12-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php10,015,000.00 under Union Bank of the Philippines Check No. 0006206543 payable to CASH (FOR EMF-ASSAD)
OO-5-13	Union Bank Check No. 0006206544 dated February 11, 2008 in the amount of Php3,944,000.00
OO-5-13-a	Endorsement for payment at UCPB on February 20, 2008 as shown at the back of the check
OO-5-13-b	Cancelled United Coconut Planters Bank Check No. 0000055812 dated June 19, 2004 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-13-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php3,944,000.00 under Union Bank of the Philippines Check No. 0006206544 payable to CASH (FOR EMF-ASSAD)
OO-5-14	Union Bank Check No. 0006206545 dated February 11, 2008 in the amount of Php5,826,000.00
OO-5-14-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-14-b	Cancelled Metropolitan Bank and Trust Company Check No. 2670055842 dated June 19, 2004 payable to the order of "CASH" in the amount of Php3,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-14-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php5,826,000.00 under Union Bank of the Philippines Check No. 0006206545 payable to CASH (FOR EMF-ASSAD)
OO-5-15	Union Bank Check No. 0006206546 dated February 11, 2008 in the amount of Php5,910,000.00
OO-5-15-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check

OO-5-15-b	Cancelled United Coconut Planters Bank Check No. 0000055819 dated June 21, 2004 payable to the order of "CASH" in the amount of Php3,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-15-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php5,910,000.00 under Union Bank of the Philippines Check No. 0006206546 payable to CASH (FOR EMF-ASSAD)
OO-5-16	Union Bank Check No. 0006206547 dated February 11, 2008 in the amount of Php10,000,000.00
OO-5-16-a	Endorsement for payment at Metrobank on February 21, 2008 as shown at the back of the check
OO-5-16-b	Cancelled United Coconut Planters Bank Check No. 0000055828 dated June 21, 2004 payable to the order of "CASH" in the amount of Php5,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-16-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php10,000,000.00 under Union Bank of the Philippines Check No. 0006206547 payable to CASH (FOR EMF-ASSAD)
OO-5-17	Union Bank Check No. 0006206548 dated February 11, 2008 in the amount of Php9,995,000.00
OO-5-17-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-17-b	Cancelled United Coconut Planters Bank Check No. 0000055843 dated June 22, 2004 payable to the order of "CASH" in the amount of Php5,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-17-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php9,995,000.00 under Union Bank of the Philippines Check No. 0006206548 payable to CASH (FOR EMF-ASSAD)
OO-5-18	Union Bank Check No. 0006206549 dated February 11, 2008 in the amount of Php7,992,000.00
OO-5-18-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-18-b	Cancelled United Coconut Planters Bank Check No. 0000055813 dated June 23, 2004 payable to the

	order of "CASH" in the amount of Php4,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-18-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php7,992,000.00 under Union Bank of the Philippines Check No. 0006206549 payable to CASH (FOR EMF-ASSAD)
OO-5-19	Union Bank Check No. 0006206550 dated February 11, 2008 in the amount of Php9,975,000.00
OO-5-19-a	Endorsement for payment at Phil. Business Bank on February 20, 2008 as shown at the back of the check
OO-5-19-b	Cancelled United Coconut Planters Bank Check No. 0000055830 dated June 26, 2004 payable to the order of "CASH" in the amount of Php5,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-19-c	CRUZCON General Voucher dated February 11, 2008 for the full payment of principal and interest in the total amount of Php9,975,000.00 under Union Bank of the Philippines Check No. 0006206550 payable to CASH (FOR EMF-ASSAD)
OO-5-20-b	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php7,358,333.33 under Union Bank of the Philippines Check No. 0006206520 payable to CASH (FOR EMF-MANLAPAZ)
OO-5-21-b	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php5,743,333.33 under Union Bank of the Philippines Check No. 0006206521 payable to CASH (FOR EMF-MANLAPAZ)
OO-5-22-b	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php5,843,333.33 under Union Bank of the Philippines Check No. 0006206522 payable to CASH (FOR EMF-MANLAPAZ)
OO-5-23-b	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php7,162,500.00 under Union Bank of the Philippines Check No. 0006206523 payable to CASH (FOR EMF-ASSAD)
OO-5-24	Union Bank Check No. 0006206524 dated February 9, 2008 in the amount of Php4,357,500.00
OO-5-24-a	Endorsement for payment at Equitable Savings

	Bank on February 12, 2008 as shown at the back of the check
OO-5-24-b	Cancelled United Coconut Planters Bank Check No. 0000055794 dated February 28, 2005 payable to the order of "CASH" in the amount of Php3,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-24-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php4,357,500.00 under Union Bank of the Philippines Check No. 0006206524 payable to CASH (FOR EMF-MANLAPAZ)
OO-5-25	Union Bank Check No. 0006206513 dated February 9, 2008 in the amount of Php3,221,666.67
OO-5-25-a	Endorsement for payment at BPI-Family on February 15, 2008 as shown at the back of the check
OO-5-25-b	Cancelled United Coconut Planters Bank Check No. 0000055717 dated June 18, 1999 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-25-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php3,221,666.67 under Union Bank of the Philippines Check No. 0006206513 payable to CASH (FOR EMF-BETTY)
OO-5-26	Union Bank Check No. 0006206514 dated February 9, 2008 in the amount of Php4,905,000.00
OO-5-26-a	Endorsement for payment at BPI-Family on February 15, 2008 as shown at the back of the check
OO-5-26-b	Cancelled United Coconut Planters Bank Check No. 1000002443 dated September 19, 1998 payable to the order of "CASH" in the amount of Php3,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-26-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php4,905,000.00 under Union Bank of the Philippines Check No. 0006206514 payable to CASH (FOR EMF-BETTY)
OO-5-27	Union Bank Check No. 0006206515 dated February 9, 2008 in the amount of Php3,308,333.33
OO-5-27-a	Endorsement for payment at BPI-Family on February 14, 2008 as shown at the back of the

	check
OO-5-27-b	Cancelled United Coconut Planters Bank Check No. 0000055836 dated April 26, 2002 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-27-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php3,208,333.33 under Union Bank of the Philippines Check No. 0006206515 payable to CASH (FOR EMF-BETTY)
OO-5-28	Union Bank Check No. 0006206516 dated February 9, 2008 in the amount of Php3,258,333.33
OO-5-28-a	Endorsement for payment at Equitable Savings Bank on February 12, 2008 as shown at the back of the check
OO-5-28-b	Cancelled United Coconut Planters Bank Check No. 0000055851 dated January 26, 2003 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-28-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php3,258,333.33 under Union Bank of the Philippines Check No. 0006206516 payable to CASH (FOR EMF-BETTY)
OO-5-29	Union Bank Check No. 0006206517 dated February 9, 2008 in the amount of Php1,626,666.67
OO-5-29-a	Endorsement for payment at BPI-Family on February 14, 2008 as shown at the back of the check
OO-5-29-b	Cancelled United Coconut Planters Bank Check No. 0000055675 dated August 29, 1997 payable to the order of "CASH" in the amount of Php1,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-29-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php1,626,666.67 under Union Bank of the Philippines Check No. 0006206517 payable to CASH (FOR EMF-BETTY)
OO-5-30	Union Bank Check No. 0006206518 dated February 9, 2008 in the amount of Php4,066,666.67
OO-5-30-a	Endorsement for payment at BPI-Family on February 14, 2008 as shown at the back of the check
OO-5-30-b	Cancelled United Coconut Planters Bank Check No.

	0000055797 dated December 29, 2000 payable to the order of "CASH" in the amount of Php2,500,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-30-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php4,066,666.67 under Union Bank of the Philippines Check No. 0006206518 payable to CASH (FOR EMF-BETTY)
OO-5-31	Union Bank Check No. 0006206519 dated February 9, 2008 in the amount of Php801,000.00
OO-5-31-a	Endorsement for payment at Equitable Savings Bank on February 29, 2008 as shown at the back of the check
OO-5-31-b	Cancelled United Coconut Planters Bank Check No. 0000055798 dated December 29, 2000 payable to the order of "CASH" in the amount of Php500,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-31-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php801,000.00 under Union Bank of the Philippines Check No. 0006206519 payable to CASH (FOR EMF-BETTY/NERCY)
OO-5-32	Union Bank Check No. 0006206525 dated February 9, 2008 in the amount of Php2,746,666.67
OO-5-32-a	Endorsement for payment at BPI-Family on February 21, 2008 as shown at the back of the check
OO-5-32-b	Cancelled Metropolitan Bank and Trust Company Check No. 267004505 dated October 3, 1996 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-32-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php2,746,666.67 under Union Bank of the Philippines Check No. 0006206525 payable to CASH (FOR EMF-TACING)
OO-5-33	Union Bank Check No. 0006206526 dated February 9, 2008 in the amount of Php1,315,833.33
OO-5-33-a	Endorsement for payment at BPI-Family on February 21, 2008 as shown at the back of the check
OO-5-33-b	Cancelled Metropolitan Bank and Trust Company Check No. 2670040511 dated October 12, 1996 payable to the order of "CASH" in the amount of Php1,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila

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	J. Cruz
OO-5-33-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php1,315,833.33 under Union Bank of the Philippines Check No. 0006206526 payable to CASH (FOR EMF-TACING)
OO-5-34	Union Bank Check No. 0006206527 dated February 9, 2008 in the amount of Php2,768,333.33
OO-5-34-a	Endorsement for payment at BPI-Family on February 21, 2008 as shown at the back of the check
OO-5-34-b	Cancelled Metropolitan Bank and Trust Company Check No. 2670029894 dated September 20, 1998 payable to the order of "CASH" in the amount of Php2,000,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-34-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php2,768,333.33 under Union Bank of the Philippines Check No. 0006206537 payable to CASH (FOR EMF-TACING)
OO-5-35	Union Bank Check No. 0006206528 dated February 9, 2008 in the amount of Php684,000.00
OO-5-35-a	Endorsement for payment at BPI-Family on February 15, 2008 as shown at the back of the check
OO-5-35-b	Cancelled Metropolitan Bank and Trust Company Check No. 2670055813 dated January 23, 1999 payable to the order of "CASH" in the amount of Php500,000.00 representing payment for personal loan of Spouses Julio S. Cruz and Priscila J. Cruz
OO-5-35-c	CRUZCON General Voucher dated February 09, 2008 for the full payment of principal and interest in the total amount of Php684,000.00 under Union Bank of the Philippines Check No. 0006206528 payable to CASH (FOR EMF-TACING)
OO-5-36 and OO-5-36-a	Page 1 and 2 of UNIONBANK Statement of Account No. 00-58-000967-1 dated February 29, 2008
OO-10	Loan Agreement consisting of 23 pages made and executed on May 20, 1997 by and between Metropolitan Bank and Trust Company and Cruz Construction & Development Corp.
OO-11	Mortgage Trust Indenture consisting of 22 pages executed on May 22, 1997 by and between J.S. Cruz Construction and Development, Inc., Spouses Julio S. Cruz and Priscila J. Cruz, and Metropolitan Bank and Trust Company-Trust Banking Group
OO-12	Schedule 1 showing the description of properties covered by the Mortgage Trust Indenture (MTI)

	executed on May 22, 1997
OO-13 to OO-18	Transfer Certificate of Title (TCT) No. 633071, TCT No. 633067, TCT No. 633069, TCT No. 633072, TCT No. 633066 and TCT No. 633070, all registered under Spouses Julio S. Cruz and Priscila J. Cruz
OO-13-a	Certified True Copy of TCT No. 633071
OO-14-a	Certified True Copy of TCT No. 633069
OO-15-a	Certified True Copy of TCT No. 633069
OO-16-a	Certified True Copy of TCT No. 633072
OO-17-a	Certified True Copy of TCT No. 633066
OO-18-a	Certified True Copy of TCT No. 633070
BBB	Memorandum dated January 2, 1993 with Reference CT-HR-APP-OFFCRS93.WK1 with remarks to withhold Php10,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
CCC	Memorandum dated January 2, 1993 with Reference CT-HR-APP-OFFCRS93.WK1 with remarks to withhold Php10,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
DDD	Memorandum dated January 15, 1994 with Reference CT-HR-APP-OFFCRS94.WK1 with remarks to withhold Php10,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
EEE	Memorandum dated January 15, 1994 with Reference CT-HR-APP-OFFCRS94.WK1 with remarks to withhold Php10,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
FFF	Memorandum dated January 16, 1995 with Reference CT-HR-APP-OFFCRS95.WK1 with remarks to withhold Php14,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
GGG	Memorandum dated January 16, 1995 with Reference CT-HR-APP-OFFCRS95.WK1 with remarks to withhold Php14,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
HHH	Memorandum dated February 12, 1996 with Reference CT-HR-APP-OFFCRS96.WK1 with remarks to withhold Php24,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
III	Memorandum dated February 12, 1996 with Reference CT-HR-APP-OFFCRS96.WK1 with remarks to withhold Php24,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
JJJ	Memorandum dated January 14, 1997 with Reference CT-HR-APP-OFFCRS97.WK1 with remarks to withhold Php40,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
KKK	Memorandum dated January 14, 1997 with Reference CT-HR-APP-OFFCRS97.WK1 with remarks to withhold Php40,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
LLL	Memorandum dated April 2, 1998 with Reference

	OFCRAP98.XLS with remarks to withhold Php50,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
MMM	Memorandum dated April 2, 1998 with Reference OFCRAP98.XLS with remarks to withhold Php50,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
NNN	Memorandum dated February 1, 1999 with Reference APPTOFFCRS99.XLS with remarks to withhold Php60,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
OOO	Memorandum dated February 1, 1999 with Reference APPTOFFCRS99.XLS with remarks to withhold Php60,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
PPP	Memorandum dated February 1, 2000 with Reference OFFMGRSAPPT2000.XLS with remarks to withhold Php80,000/month from the salary of Julio S. Cruz to be invested in MEHCOR
QQQ	Memorandum dated February 1, 2000 with Reference OFFMGRSAPPT2000.XLS with remarks to withhold Php70,000/month from the salary of Priscila J. Cruz to be invested in MEHCOR
RRR	Audited Financial Statements dated October 8, 2004 of J.S. Cruz Construction & Development (CRUZCON) Inc. for the taxable year ended June 30, 2004 with comparative figures for taxable year 2003
RRR-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 2004 and June 30, 2003
RRR-2	The date of submission of the audit report, October 8, 2004
RRR-3	The audit report dated October 8, 2004 of Juanito D. San Juan submitted to the SEC regarding the financial statements of CRUZCON for the period ended June 30, 2004
RRR-4	Comparative Statement of Financial Condition as of June 30, 2004 and June 30, 2003 of CRUZCON
RRR-5	Increase in Advances from Stockholders in the amount of Php31,261,640.68 as shown in the Comparative Statement of Financial Condition as of June 30, 2004 and June 30, 2003 of CRUZCON
SSS	Audited Financial Statements dated October 7, 2003 of CRUZCON for taxable year ended June 30, 2003 with comparative figures for taxable year 2002
SSS-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 2003

	and June 30, 2002
SSS-2	The date of submission of the audit report, October 7, 2003
SSS-3	The audit report dated October 7, 2003 of Juanito D. San Juan submitted to the SEC regarding the financial statements of CRUZCON for the period ended June 30, 2003
SSS-4	Comparative Statement of Financial Condition as of June 30, 2003 and June 30, 2002 of CRUZCON
SSS-5	Increase in Advances from Stockholders in the amount of Php32,657,154.21 as shown in the Comparative Statement of Financial Condition as of June 30, 2003 and June 30, 2002 of CRUZCON
SSS-6	Decrease in Deposits for Future Subscriptions in the amount of P10,958,000.00 as shown in the Comparative Statement of Financial Condition as of June 30, 2003 and June 30, 2002 of CRUZCON
TTT	Audited Financial Statements dated October 14, 2002 of CRUZCON for taxable year ended June 30, 2002 with comparative figures for taxable year 2001
TTT-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 2002 and June 30, 2001
TTT-2	The date of submission of the audit report, October 14, 2002
TTT-3	Increase in Advances from Stockholders in the amount of Php67,610,630.46 as shown in the Comparative Statement of Financial Condition as of June 30, 2002 and June 30, 2001 of CRUZCON
UUU	Audited Financial Statements dated October 12, 2001 of CRUZCON for taxable year ended June 30, 2001 with comparative figures for taxable year 2000
UUU-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 2001 and June 30, 2000
UUU-2	The date of submission of the audit report, October 12, 2001
UUU-3	The audit report dated October 12, 2001 of Juanito D. San Juan submitted to the SEC regarding the financial statements of CRUZCON for the period ended June 30, 2001
UUU-4	Increase in Advances from Stockholders in the amount of Php125,259,123.47 as shown in the Comparative Statement of Financial Condition as of June 30, 2001 and June 30, 2000 of CRUZCON
VVV	Audited Financial Statements dated October 12, 2000 of CRUZCON for taxable year ended June 30,

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	2000 with comparative figures for taxable year 1999
VVV-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 2000 and June 30, 1999
VVV-2	The date of submission of the audit report, October 12, 2000
VVV-3	Increase in Advances from Stockholders in the amount of Php30,794,512.38 as shown in the Comparative Statement of Financial Condition as of June 30, 2001 and June 30, 2000 of CRUZCON
WWW	Audited Financial Statements dated October 8, 1999 of CRUZCON for taxable year ended June 30, 1999 with comparative figures for taxable year 1998
WWW-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 1999 and June 30, 1998
WWW-2	The date of submission of the audit report, October 8, 1999
WWW-3	Increase in Advances from Stockholders in the amount of Php19,840,797.25 as shown in the Comparative Statement of Financial Condition as of June 30, 1999 and June 30, 1998 of CRUZCON
XXX	Audited Financial Statements dated October 14, 1998 of CRUZCON for taxable year ended June 30, 1998 with comparative figures for taxable year 1997
XXX-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of CRUZCON regarding the financial statements for the period ended June 30, 1998
XXX-2	The date of submission of the audit report, October 14, 1998
XXX-3	The audit report dated October 14, 1998 of Juanito D. San Juan submitted to the SEC regarding the financial statements of CRUZCON for the period ended June 30, 1998
XXX-4	Increase in Advances from Stockholders in the amount of Php2,273,993.06 as shown in the Comparative Statement of Financial Condition as of June 30, 1998 and June 30, 1997 of CRUZCON
XXX-5	No increase in Deposit for Subscription as shown in the Comparative Statement of Financial Condition as of June 30, 1997 of CRUZCON
YYY	Audited Financial Statements dated October 14, 1997 of CRUZCON for the taxable year ended June 30, 1997 with comparative figures for taxable year 1996

ZZZ	Audited Financial Statements dated October 3, 1996 of CRUZCON for the six-month ended June 30, 1996
BBBB	Audited Financial Statements dated March 30, 1995 of CRUZCON for the taxable year ended December 31, 1994 with comparative figures for taxable year 1993.
CCCC	Audited Financial Statements dated March 15, 1994 of CRUZCON for the taxable year ended December 31, 1993 with comparative figures for taxable year 1992
DDDD	Audited Financial Statements dated January 21, 1993 of CRUZCON for the taxable year ended December 31, 1992 with comparative figures for taxable year 1991
EEEE	Audited Financial Statements dated April 11, 2005 of MEHCOR for the taxable year ended December 31, 2004 with comparative figures for taxable year 2003
EEEE-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of MEHCOR regarding the financial statements for the period ended December 31, 2004 and December 31, 2003
EEEE-2	The date of submission of the audit report, April 11, 2005
EEEE-3	The audit report dated April 11, 2005 of Juanito D. San Juan submitted to the SEC regarding the financial statements of MEHCOR for the period ended December 31, 2004
EEEE-4	Decrease in Advances from Stockholders in the amount of Php643,749.70 as shown in the Comparative Statement of Financial Condition as of December 31, 2004 and December 31, 2003 of MEHCOR
FFFF	Audited Financial Statements dated April 15, 2004 of MEHCOR for the taxable year ended December 31, 2003 with comparative figures for taxable year 2002
GGGG	Audited Financial Statements dated April 8, 2003 of MEHCOR for the taxable year ended December 31, 2002 with comparative figures for taxable year 2001
HHHH	Audited Financial Statements dated April 12, 2002 of MEHCOR for the taxable year ended December 31, 2001 with comparative figures for taxable year 2000
HHHH-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of MEHCOR regarding the financial statements for the period ended December 31, 2001 and December 31, 2000
HHHH-2	The date of submission of the audit report, April

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	12, 2002
HHHH-3	The audit report dated April 12, 2002 of Juanito D. San Juan submitted to the SEC regarding the financial statements of MEHCOR for the period ended December 31, 2001
HHHH-4	No increase in Advances from Stockholders as shown in the Comparative Statement of Financial Condition as of December 31, 2001 and December 31, 2000
IIII	Audited Financial Statements dated April 14, 1999 of MEHCOR for the taxable year ended December 31, 1998 with comparative figures for taxable year 1997
IIII-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of MEHCOR regarding the financial statements for the period ended December 31, 1998 and December 31,1997
IIII-2	The date of submission of the audit report, April 14, 1999
IIII-3	The audit report dated April 14, 1999 of Juanito D. San Juan submitted to the SEC regarding the financial statements of MEHCOR for the period ended December 31, 1998
IIII-4	Increase in Advances from Stockholders in the amount of Php25,383,800.00 as shown in the Comparative Statement of Financial Condition as of December 31, 1998 and December 31, 1997
IIII-5	Increase in Deposits for Subscription in the amount of Php40,300,000.00 as shown in the Comparative Statement of Financial Condition as of December 31, 1998 and December 31, 1997 of MEHCOR
JJJJ	Audited Financial Statements dated March 31 1998 of MEHCOR for the taxable year ended December 31, 1997 with comparative figures for taxable year 1996
JJJJ-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of MEHCOR regarding the financial statements for the period ended December 31, 1997
JJJJ-2	The date of submission of the audit report, March 31, 1998
JJJJ-3	The audit report dated March 31, 1998 of Juanito D. San Juan submitted to the SEC regarding the financial statements of MEHCOR for the period ended December 31, 1997
JJJJ-4	Increase in Advances from Stockholders in the amount of Php71,000,000.00 as shown in the Comparative Statement of Financial Condition as of December 31, 1997 and December 31, 1996 of MEHCOR

JJJJ-5	Increase in Deposits for Subscription in the amount of Php960,000.00 as shown in the Comparative Statement of Financial Condition as of December 31, 1997 and December 31, 1996 of MEHCOR
KKKK	Audited Financial Statements dated April 8, 1997 of MEHCOR for the taxable year ended December 31, 1996 with comparative figures for taxable year 1995
KKKK-1	Name and signature of Guideon B. Simbajon, ICPA, on the Accountant's Certificate submitted by him to the stockholders of MEHCOR regarding the financial statements for the period ended December 31, 1996
KKKK-2	The date of submission of the Accountant's Certificate, April 8, 1997
KKKK-3	Increase in Advances from Stockholders from the amount of Php49,119,993.84 to Php60,253,993.84 as shown in the Comparative Balance Sheets as of December 31, 1995 and 1996 of MEHCOR
KKKK-4	Decrease in Deposits on Subscriptions from the amount of Php19,210,000.00 to none as shown in the Comparative Balance Sheets as of December 31, 1995 and 1996 of MEHCOR
KKKK-5	Increase in Total Paid-In Capital from the amount of Php56,250,000.00 to Php117,236,000.00 as shown in the Comparative Balance Sheets as of December 31, 1996 and December 31, 1995 of MEHCOR
LLLL	Audited Financial Statements dated April 8, 1997 of MEHCOR for the taxable year ended December 31, 1995 with comparative figures for taxable year 1994
LLLL-1	Name and signature of Guideon B. Simbajon, ICPA, on the Accountant's Certificate submitted by him to the stockholders of MEHCOR regarding the financial statements for the period ended December 31, 1995
LLLL-2	The date of submission of the Accountant's Certificate, April 8, 1996
LLLL-3	Increase in Total Paid-In Capital from the amount of Php50,000,000.00 to Php56,250,000.00 as shown in the Comparative Balance Sheets as of December 31, 1995 and December 31, 1994 of MEHCOR
MMMM	Audited Financial Statements dated March 31, 1995 of MEHCOR for the taxable year ended December 31, 1994 with comparative figures for taxable year 1993
MMMM-1	Name and signature of Guideon B. Simbajon, ICPA, on the Accountant's Certificate submitted by him to the stockholders of MEHCOR regarding the

	financial statements for the period ended December 31, 1994
MMMM-2	The date of submission of the Accountant's Certificate, March 31, 1995
MMMM-3	Increase in Advances from Stockholders from the amount of Php5,068,178.96 to Php27,469,993.84 as shown in the Comparative Balance Sheets as of December 31, 1994 and December 31, 1993 of MEHCOR
MMMM-4	Increase in Total Paid-In Capital from the amount of Php49,476,500.00 to Php50,000,000.00 as shown in the Comparative Balance Sheets as of December 31, 1994 and December 31, 1993 of MEHCOR
NNNN	Audited Financial Statements dated March 17, 1994 of MEHCOR for the taxable year ended December 31, 1993 with comparative figures for taxable year 1992
NNNN-1	Name and signature of Guideon B. Simbajon, ICPA, on the Accountant's Certificate submitted by him to the stockholders of MEHCOR regarding the financial statements for the period ended December 31, 1993
NNNN-2	The date of submission of the Accountant's Certificate, March 17, 1994
NNNN-3	Increase in Total Paid-In Capital from the amount of Php46,868,700.00 to Php49,476,500.00 as shown in the Comparative Balance Sheets as of December 31, 1993 and December 31, 1992 of MEHCOR
OOOO	Audited Financial Statements dated April 15, 1993 of MEHCOR for the taxable year ended December 31, 1992
OOOO-1	Name and signature of Guideon B. Simbajon, ICPA, on the Accountant's Certificate submitted by him to the stockholders of MEHCOR regarding the financial statements for the period ended December 31, 1992
OOOO-2	The date of submission of the Accountant's Certificate, April 15, 1993
OOOO-3	Total Paid-In Capital from the amount of Php46,868,700.00 as of December 31, 1992 as shown in the Balance Sheets as of December 31, 1992 of MEHCOR
RRRR	BIR – Application for Tax Clearance (for Individuals) of Julio S. Cruz
RRRR-1	BIR – Tax Clearance Certificate in favor of Julio S. Cruz, Application No. 3, TCC No. 4356
RRRR-2	BIR – Official A 0361762 for year 1967 in favor of Julio S. Cruz
RRRR-3	Provincial/City Treasurer's General Receipt – City of Dipolog, Official Receipt No. 7289740 dated January 27, 1988 in favor of Engr. Julio S. Cruz

RRRR-4	BIR - Official A 036761 for year 1966 in favor of Julio S. Cruz
RRRR-5	BIR - Revenue Official Serial No. 0457736 for year 1966 in favor of Julio S. Cruz
RRRR-6	BIR - Revenue Official Serial No. B 1524471 for year 1962 in favor of Julio S. Cruz
RRRR-7	BIR - Revenue Official Serial C 0649602 for year 1963 in favor of Julio S. Cruz
RRRR-8	Internal Revenue Tax Residence Certificate No. B 929209 of Julio S.Cruz for 1967, issued on April 17, 1967 at Taytay, Rizal
SSSS	List of Contract for projects undertaken with DPWH for year 1968-1979
SSSS-1	Sub-Contract and Agreement between GEMIL, Inc. and Julio S. Cruz for the Construction of Ingin Bridge km. 431.942 at Sindanga-Liloy, Zamboanga del Norte on January 2, 1968, with Contract price of Php135,405.00
TTTT	Judicial Affidavit of Mrs. Gloria D. Dar
TTTT-1	Signature of Mrs. Dar on her Judicial Affidavit
TTTT-2	Signature of Notary Public in the Judicial Affidavit
TTTT-3	Signature of counsel for the petitioner in the Judicial Affidavit
UUUU	Fair Market Value Appraisal Report dated September 1, 1998 consisting of 29 pages
UUUU-1	Page 13 of the Appraisal Report containing information under CAD Lot No. 2943 with an area of 5,306 sq.m. which was previously marked as Exh. "OO-4-11"
UUUU-2	Page 12 of the Appraisal Report containing information under CAD Lot No. 2933 with an area of 7,439 sq.m. which was previously marked as Exh. "OO-4-14"
UUUU-3	Page 13 of the Appraisal Report containing information under CAD Lot No. 2963-B-PIN 0085 with an area of 67 sq.m. which was previously marked as Exh. "OO-4-18"
UUUU-4	Page 13 of the Appraisal Report containing information under CAD Lot No. 2963-B-PIN 0094 with an area of 300 sq.m. which was previously marked as Exh. "OO-4-20"
UUUU-5	Page 13 of the Appraisal Report containing information under CAD Lot No. 2963-B-PIN 0077 with an area of 204 sq.m. which was previously marked as Exh. "OO-4-21"
UUUU-6	Page 13 of the Appraisal Report containing information under CAD Lot No. 2963-B-PIN 00115 with an area of 300 sq.m. which was previously marked as Exh. "OO-4-31"
UUUU-7	Page 13 of the Appraisal Report containing information under CAD Lot No. 2944-D-10 with an area of 200 sq.m. which was previously marked as Exh. "OO-4-32"

UUUU-8	Page 17 of the Appraisal Report containing information under CAD Lot No. 3119 with an area of 9,086 sq.m. which was previously marked as Exh. "OO-4-40"
UUUU-9	Page 13 of the Appraisal Report containing information under CAD Lot No. 2918 with an area of 13,263 sq.m. which was previously marked as Exh. "OO-4-44"
UUUU-10	Page 12 of the Appraisal Report containing information under CAD Lot No. 2936 with an area of 36,732 sq.m. which was previously marked as Exh. "OO-4-48"
UUUU-11	Page 15 of the Appraisal Report containing information under CAD Lot No. 3200 with an area of 26,681 sq.m. which was previously marked as Exh. "OO-4-49"
UUUU-12	Page 13 of the Appraisal Report containing information under CAD Lot No. 2930-E with an area of 6,021 sq.m. which was previously marked as Exh. "OO-4-55"
UUUU-13	Page 17 of the Appraisal Report containing information under CAD Lot No. 3110-A with an area of 5,999 sq.m. which was previously marked as Exh. "OO-4-58"
UUUU-14	Page 13 of the Appraisal Report containing information under CAD Lot No. 2942 with an area of 13,067 sq.m. which was previously marked as Exh. "OO-4-59"
UUUU-15	Page 16 of the Appraisal Report containing information under CAD Lot No. 2790 with an area of 1,936 sq.m. which was previously marked as Exh. "OO-4-61"
UUUU-16	Page 12 of the Appraisal Report containing information under CAD Lot No. 2928 with an area of 1,936 sq.m. which was previously marked as Exh. "OO-4-62"
UUUU-17	Page 12 of the Appraisal Report containing information under CAD Lot No. 2927 with an area of 4,785 sq.m. which was previously marked as Exh. "OO-4-62"
UUUU-18	Page 16 of the Appraisal Report containing information under CAD Lot No. 2789 with an area of 2,940 sq.m. which was previously marked as Exh. "OO-4-63"
UUUU-19	Page 13 of the Appraisal Report containing information under CAD Lot No. 2919 with an area of 7,431 sq.m. which was previously marked as Exh. "OO-4-64"
UUUU-20	Page 15 of the Appraisal Report containing information under CAD Lot No. 2939 with an area of 5,139 sq.m. which was previously marked as Exh. "OO-4-85"
UUUU-21	Page 17 of the Appraisal Report containing

	information under CAD Lot No. 3111-A with an area of 948 sq.m. which was previously marked as Exh. "OO-4-90"
UUUU-22	Page 17 of the Appraisal Report containing information under CAD Lot No. 4005-A with an area of 1,261 sq.m. which was previously marked as Exh. "OO-4-93"
UUUU-23	Page 13 of the Appraisal Report containing information under CAD Lot No. 2944-D-5 with an area of 140 sq.m. which was previously marked as Exh. "OO-4-95"
VVVV	Judicial Affidavit of Cornelio Gildo Gayumali, Jr.
VVVV-1	Signature of Cornelio Gildo Gayumali, Jr. appearing above his printed name on page 10 of his Judicial Affidavit
VVVV-2	The signature of the Notary Public, Atty. Mark B.S. Santos appearing on page 10 of the Judicial Affidavit
WWWW	Audited Financial Statements dated April 10, 2001 of MEHCOR for the taxable year ended December 31, 2000
WWWW-1	Name and signature of Juanito D. San Juan, ICPA, on the audit report submitted by him to the Board of Directors of MEHCOR regarding the financial statements for the period ended December 31, 2000
WWWW-2	The date of submission of the Accountant's Certificate, April 10, 2001
WWWW-3	Increase in Capital Stock in the amount of Php30,364,000.00 as shown in the Comparative Statements of Financial Condition as of December 31, 2000 and December 31, 1999 of MEHCOR
WWWW-4	Decrease in Deposit for Subscription in the amount of Php27,364,000.00 as shown in the Comparative Statements of Financial Condition as of December 31, 2000 and December 31, 1999 of MEHCOR
AAAAAA	PRC ID Reg. #005875 of Mr. Juanito D. San Juan
BBBBBB	Certification from the PRC
CCCCCC	Certification Accreditation as Tax Practitioner
DDDDDD	Judicial Affidavit of Juanito D. San Juan
DDDDDD-1	Signature of Juanito D. San Juan on page 11 of his Judicial Affidavit
DDDDDD-2	Signature of Notary Public, Atty. Delfin R. Agcaoili, Jr., appearing on page 11 of the Judicial Affidavit
DDDDDD-3	Signature of Tomas B. Temprosa, Jr. appearing above his printed name on page 11 of the Judicial Affidavit
EEEEEE	Judicial Affidavit of Adelina V. Hife
EEEEEE-1	Signature of Adelina Hife
EEEEEE-2	Oath of Adelina V. Hife before Atty. Jasmin Santos-Bilasano appearing on page 4 of the

EEEEEE-3	Judicial Affidavit Signature of the Notary Public, Atty. Jasmin Santos-Bilasano
GGGGGG	List of Checks issued to Spouses Julio S. Cruz and Priscila J. Cruz for personal loans taken from October 1996 to July 2002
HHHHHH-1	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated July 24, 2000 attesting to the deposit of Php350,000.00 under MBTC Taytay Check No. 0148178 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-2	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated August 11, 2000 attesting to the deposit of Php200,000.00 under MBTC Taytay Check No. 0148184 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-3	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated November 10, 2000 attesting to the deposit of Php300,000.00 under MBTC Taytay Check No. 0148204 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-4	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated January 12, 2001 attesting to the deposit of Php200,000.00 under MBTC Taytay Check No. 0148210 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-5	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated January 31, 2001 attesting to the deposit of Php5,000,000.00 under MBTC Taytay Check No. 0148212 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-6	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated June 18, 2001 attesting to the deposit of Php400,000.00 under MBTC Taytay Check No. 0148236 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-7	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated July 31, 2001 attesting to the deposit of Php300,000.00 under MBTC Taytay Check No. 0148242 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-8	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated August 16, 2001 attesting to the deposit of Php300,000.00 under MBTC Taytay Check No. 0148253 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-9	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated March 13, 2002 attesting to the deposit of Php100,000.00 under MBTC Taytay Check No. 0148317 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-10	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated March 19, 2002

	attesting to the deposit of Php120,000.00 under MBTC Taytay Check No. 0148319 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-11	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated April 12, 2002 attesting to the deposit of Php5,000,000.00 under MBTC Taytay Check No. 0148321 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-12	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated June 24, 2002 attesting to the deposit of Php5,000,000.00 under MBTC Taytay Check No. 0148334 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-13	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated July 12, 2002 attesting to the deposit of Php400,000.00 under Equitable PCI Bank Check No. 0293-00059 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-14	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated July 22, 2002 attesting to the deposit of Php5,000,000.00 under Prudential Bank Check No. 1444 for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-15	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated September 18, 2002 attesting to the deposit of Php5,000,000.00 under MBTC Taytay Check No. 0148349for the account of MEHCOR with Account No. 7-26750075-0
HHHHHH-16	Original copy of Metropolitan Bank and Trust Company Deposit Slip dated November 25, 2002 attesting to the deposit of Php5,000,000.00 under MBTC Taytay Check No. 0351804 for the account of MEHCOR with Account No. 7-26750075-0
IIIIII	List of Bank Statements under Metrobank Current Account No. 7-267-500750 showing checks issued for the personal loans taken by Spouses Julio S. Cruz and Priscila J. Cruz credited to MEHCOR account
IIIIII-1	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated December 31, 1996 showing the amount of Php5,000,000.00 and Php8,000,000.00 credited on December 10, 1996 and December 19, 1996, respectively
IIIIII-2	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated March 31, 1997 showing the amount of Php20,000,000.00 credited on March 24, 1997
IIIIII-3	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated July 31, 1997 showing the amount of Php10,000,000.00 and Php1,000,000.00 credited

	on July 25, 1997 and July 29, 1997, respectively
IIIIII-4	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated August 29, 1997 showing the amount of Php1,200,000.00 credited on August 20, 1997
IIIIII-5	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated October 31, 1997 showing the amount of Php2,000,000.00 and Php2,000,000.00 credited on October 2, 1997 and October 16, 1997, respectively
IIIIII-6	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated December 29, 1997 showing the amount of Php5,000,000.00 credited on December 11, 1997
IIIIII-7	Metrobank bank statement under MEHCOR with Current Account No. 7-267-500750 for the month dated May 29, 1998 showing the amount of Php10,000,000.00 credited on May 20, 1998
JJJJJJ	Judicial Affidavit of Ms. Lou P. Mercado
JJJJJJ-1	Signature of Ms. Lou P. Mercado on page 13 of her Judicial Affidavit
JJJJJJ-2	Signature of the Notary Public, Atty. Clifford S. Equilla on page 14 of the Judicial Affidavit
JJJJJJ-3	Signature of Tomas B. Temprosa, Jr. appearing above his printed name on page 14 of the Judicial Affidavit
KKKKKK	Motion for Payment and to Set Case for Hearing filed on February 21, 1978 by Leonardo Z. Javier, Counsel for Spouses Julio Cruz and Priscila Javier and Agapito Santos under Civil Case No. 26847 for Eminent Domain regarding the expropriation of their properties with a total market value of Php76,390.00
LLLLLL	Letter dated November 26, 1985 sent by Juanito B. Francisco, Ingat-Yaman of the Municipality of Taytay, Rizal to G. Julio Cruz giving the latter five (5) days to pay real property taxes in the amount of Php63,692.23
LLLLLL-1	Real Property Tax Advice of Payment No. 02104 attached to the letter dated November 26, 1985 sent by Juanito B. Francisco, Ingat-Yaman of the Municipality of Taytay, Rizal to G. Julio Cruz
MMMMMM	Copy of a Contract to Sell by and between Julio S. Cruz and Priscila Javier Cruz and White House Development Corporation dated April 28, 1989 regarding the sale of tract of land with an area of 36,840 square meters situated at Barrio San Juan, Municipality of Taytay, Province of Rizal described under TCT No. 11115 in the amount of Php4,420,800.00
MMMMMM-1	Check Voucher No. 520 of White House Development Corp. dated April 26, 1989 payable

	to BIR in the amount of Php12,894.00 representing payment for BIR Doc. Stamp for Plan PSU-234314, identical to Lot 1869, CKD-688-D
MMMMMM-2	Check Voucher No. 519 of White House Development Corp. dated April 26, 1989 payable to BIR in the amount of Php64,470.00 representing payment for capital gains tax for Plan PSU-234314, identical to Lot 1869, CKD-688-D
MMMMMM-3	Check Voucher No. 521 of White House Development Corp. dated April 26, 1989 payable to Julio S. Cruz and Priscila Javier Cruz in the amount of Php1,212,036.00 representing payment for balance of purchase Plan PSU-234314, identical to Lot 1869, CKD-688-D
MMMMMM-4	Check Voucher No. 522 of White House Development Corp. dated April 26, 1989 payable to Julio S. Cruz and Priscila Javier Cruz in the amount of Php221,040.00 representing payment for commission of Plan PSU-234314, identical to Lot 1869, CKD-688-D
MMMMMM-5	Check Voucher No. 523 of White House Development Corp. dated April 26, 1989 payable to Julio S. Cruz and Priscila Javier Cruz in the amount of Php1,584,120.00 representing payment for balance of Plan PSU-234314, identical to Lot 1869, CKD-688-D
MMMMMM-6	Check Voucher No. 040 of White House Development Corp. dated June 5, 1989 payable to Julio S. Cruz and Priscilla Javier Cruz in the amount of Php64,470.00 representing payment for capital gains tax for Lot #1869
MMMMMM-7	Check Voucher No. 042 of White House Development Corp. dated June 5, 1989 payable to Julio S. Cruz and Priscila Javier Cruz in the amount of Php1,248,876.00 representing payment for the balance of Lot #1869
MMMMMM-8	Check Voucher No. 041 of White House Development Corp. dated June 5, 1989 payable to Julio S. Cruz and Priscila Javier Cruz in the amount of Php 12,894.00 representing payment for BIR Documentary Stamp for Lot #1869
NNNNNN	Deed of Absolute Sale dated September 11, 1982 entered by and between Francisco C. Valle and Pacencia Valle-Loyola and Spouses Julio S. Cruz and Priscila Javier Cruz for the sale of parcel of land covered by Tax Declaration No. 04-7554 situated at Barangay San Juan, Taytay, Rizal containing an area of 36,840 square meters in the amount of Php250,000.00
NNNNNN-1	Official Receipt No. 5862469 dated November 11, 1982 in the amount of Php625.00 issued by the Province of Rizal representing payment for T-fee Doc. #114 for the sale of property under TD#04-

	7554 in the amount of Php250,000.00
NNNNNN-2	Official Receipt No. 392417 dated November 12, 1982 in the amount of Php642.00 issued by the Municipality of Pasig representing payment for the sale of property in the amount of Php250,000.00
OOOOOO	Copy of Pacquiao Contract, executed on May 14, 1962, between the People's Homesite and Housing Corporation and the late Engr. Julio S. Cruz
PPPPPP	Sub-Contract and Agreement made and executed on January 2, 1968 by and between Gemil, Inc. and Julio S. Cruz for the construction of Ingin Bride over Ingin River in Zamboanga del Norte involving the amount of Php135,405.00
QQQQQQ	List of Contracts (Original)
RRRRRR	List of Documents to be marked
SSSSSS	Judicial Affidavit of Mrs. Remedios Columnas Mercado filed on August 3, 2012
SSSSSS-1	Signature of Mrs. Remedios Columnas Mercado in her Judicial Affidavit
SSSSSS-2	Signature of Atty. Temprosa in the Judicial Affidavit
TTTTTT	Judicial Affidavit of Bernardo Borja De Leon
TTTTTT-1	Signature of Bernardo Borja De Leon on his Judicial Affidavit
TTTTTT-2	Name and signature of Atty. Temprosa
TTTTTT-3	Name and signature of Atty. Temprosa
TTTTTT-4	List of Checks deposited October 1996-July 2002
TTTTTT-5	List of Checks issued for payment of loans February 2008
UUUUUU	Judicial Affidavit of Engr. Norberto A. Bernad
UUUUUU-1	Name and signature of Engr. Norberto A. Bernad on his Judicial Affidavit
UUUUUU-2	Name and Signature of Atty. Temporsa
VVVVVV	Articles of Incorporation of Cruz Telephone Company, Inc. dated February 16, 1976
WWWWWW	Photocopy of Resolution No. 78 of the City Council of Dipolog City adopted on October 2, 1972
XXXXXX	Deed of Sale of the telephone system, etc., executed on June 30, 1983 at Dumaguete City by and between Julio S. Cruz, President and General Manager of Cruz Telephone Company, Inc. and Luz U. Ausejo, Judicial Administratrix of the Estate of the late Placido Ausejo, acknowledged before the Notary Public Felix Lagrito
XXXXXX-1	Signature of Julio S. Cruz appearing at the bottom of page 2 of the Deed of Sale
XXXXXX-2	Signature of Luz U. Ausejo appearing at the bottom of page 2 of the Deed of Sale
XXXXXX-3	Signature of Notary Public Felix Lagrito appearing at the bottom of page 2 of the Deed of Sale
YYYYYY	Deed of Sale executed on January 31, 1985 between Julio S. Cruz, President of Cruztelco, and

YYYYYY-1	Ceferino Carreon, Director of BUTEL Signature of Julio S. Cruz on page 11 of the Deed of Sale
YYYYYY-2	Signature of Ceferino Carreon on page 11 of the Deed of Sale
YYYYYY-3	Signature of Atty. Graciano L. Sitchon on page 12 of the Deed of Sale
ZZZZZZ	Cluster 3 Conditional Agreement entered into by and between Cruz Telephone Company, Spouses Julio S. Cruz and Priscila J. Cruz and Smart Broadband, Inc. , dated September 6, 2007
ZZZZZZ-1	Signature of Julio S. Cruz, President of Cruztelco, on page 24 of the Cluster 3 Conditional Agreement
ZZZZZZ-2	Signature of Julio S. Cruz on page 24 of the Cluster 3 Conditional Agreement
ZZZZZZ-3	Signature of Priscila J. Cruz on page 24 of the Cluster 3 Conditional Agreement
AAAAAAA	Amended Judicial Affidavit of Engr. Enrico L. Delos Reyes dated June 13, 203
AAAAAAA-1	Signature of Enrico L. delos Reyes on page 7 of the Amended Judicial Affidavit
AAAAAAA-2	Signature of Atty. Delfin R. Agcaoili on page 7 of the Amended Judicial Affidavit
AAAAAAA-3	Signature of Atty. Tomas B. Temprosa, Jr. on page 8 of the Amended Judicial Affidavit
AAAAAAA-4	Signature of Atty. Delfin R. Agcaoili ib oage 8 of the Amended Judicial Affidavit
BBBBBBB-2	BIR Assessment Notice No. ES-IT-1992-0794 issued on 09-01-09
CCCCCCC-1	BIR Assessment Notice No. ES-IT-1993-0795 issued on 09-01-09
DDDDDDD-1	BIR Assessment Notice No. ES-IT-1994-0796 issued on 09-01-09
EEEEEEE-1	BIR Assessment Notice No. ES-IT-1995-0797 issued on 09-01-09
FFFFFFF-1	BIR Assessment Notice No. ES-IT-1996-0798 issued on 09-01-09
GGGGGGG-1	BIR Assessment Notice No. ES-IT-1997-0799 issued on 09-01-09
HHHHHHH-1	BIR Assessment Notice No. ES-IT-1998-0800 issued on 09-01-09
IIIIIII-1	BIR Assessment Notice No. ES-IT-1999-0801 issued on 09-01-09
JJJJJJJ-1	BIR Assessment Notice No. ES-IT-2000-0802 issued on 09-01-09
KKKKKKK-1	BIR Assessment Notice No. ES-IT-2001-0803 issued on 09-01-09
LLLLLLL-1	BIR Assessment Notice No. ES-IT-2002-0804 issued on 09-01-09
MMMMMMM-1	BIR Assessment Notice No. ES-IT-2003-0805 issued on 09-01-09
NNNNNNN-1	BIR Assessment Notice No. ES-IT-2004-0806

	issued on 09-01-09
OOOOOOO-1	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1992
OOOOOOO-2	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1993
OOOOOOO-3	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1994
OOOOOOO-4	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1995
OOOOOOO-5	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1996
OOOOOOO-6	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1997
OOOOOOO-7	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1998
OOOOOOO-8	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 1999
OOOOOOO-9	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 2000
OOOOOOO-10	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 2001
OOOOOOO-11	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 2002
OOOOOOO-12	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 2003
OOOOOOO-13	Schedule of Sources of Investments per records of Spouses Julio S. Cruz and Priscila J. Cruz vs. BIR Findings for the taxable year 2004
PPPPPPP	Judicial Affidavit of Florencio A. Layco executed on August 2, 2013
PPPPPPP-1	Signature of Florencio A. Layco found on page 19
PPPPPPP-2	Signature of Atty. Delfin R. Agcaoili, Jr., Notary Public
PPPPPPP-3	Signature of Atty. Tomas B. Temprosa, Jr.
PPPPPPP-4	Signature of Atty. Delfin R. Agcaoili, Jr., Notary Public
PPPPPPP-5	Signature of Atty. Tomas B. Temprosa, Jr.
PPPPPPP-6	Signature of Atty. Tomas B. Temprosa, Jr.
QQQQQQQ	Schedule of BIR Form 2316 (Formerly W-2), Certificate of Income Tax Withheld on

	Compensation issued by CRUZCON and/or CRUZTELCO for the years 1994 to 2004
QQQQQQQ-1 to QQQQQQQ-42	Annexes "A" to "U-1" of Exh. "QQQQQQQ", BIR Form No. W-2, Certificates of Income Taxes Withheld on the respective compensation income of spouses Julio S. Cruz and Priscila J. Cruz, for the years 1994 to 2004, issued by CRUZTELCO and CRUZCON
RRRRRRR	Authority to Accept Payment (BIR Form 2319A) per SN No. 668305 dated July 9, 1993 representing Basic Tax Due in the amount of Php29,875.00
SSSSSSS	Judicial Affidavit of Judy C. Dellota
SSSSSSS-1	Signature of Judy C. Dellota on page 18 of her Judicial Affidavit
SSSSSSS-2	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
SSSSSSS-3	Signature of Tomas B. Temprosa, Jr.
SSSSSSS-4	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
SSSSSSS-5 and SSSSSSS-6	Signatures of Tomas B. Temprosa, Jr.
VVVVVVV	Judicial Affidavit of Leonida O. Reyes
VVVVVVV-1	Signature of Leonida O. Reyes appearing on her Judicial Affidavit
VVVVVVV-2	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
VVVVVVV-3	Signature of Tomas B. Temprosa, Jr.
VVVVVVV-4	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
VVVVVV-5 and VVVVVV-6	Signatures of Tomas B. Temprosa, Jr.
WWWWWWW	Judicial Affidavit of Jocelyn Delos Reyes
WWWWWWW-1	Signature of Jocelyn Delos Reyes on her Judicial Affidavit
WWWWWWW-2	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
WWWWWWW-3	Signature of Tomas B. Temprosa, Jr
WWWWWWW-4	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
WWWWWWW-5 and WWWWWWWW-6	Signatures of Tomas B. Temprosa, Jr.
WWWWWWW-7	Summary of Appreciation in Value of Real Properties of Spouses Julio S. Cruz and Priscila J. Cruz, consisting of five (5) pages, based on four (4) categories, namely, Description, Acquisition Cost, Market Value, and Book Value at Corporate Books
WWWWWWW-8	Sales Invoice No. 1584 dated September 15, 1959 under the business name of Priscila M. Javier

	Textile, Priscila M. Javier, Proprietress, with business address at 944 Folgueras, Stall No. 24, Annex A, Azcarraga Textile Market
XXXXXXX-2	Summary of cash advances by Engr. Julio S. Cruz to CRUZCON for its operating expense from 1973 to 1979
XXXXXXX-3	Schedule of Accounts Receivable assigned by Engr. Julio S. Cruz from construction projects from 1973 to 1979 as of September 30, 1992
YYYYYYY	Judicial Affidavit of petitioner's witness, Nieves C. Caseres
YYYYYYY-1	Signature of Nieves C. Caseres
YYYYYYY-2	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
YYYYYYY-3	Signature of Tomas B. Temprosa, Jr.
YYYYYYY-4	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
YYYYYYY-5	Signature of Tomas B. Temprosa, Jr.
ZZZZZZZ	Juidicial Affidavit of Engr. Elwell O. Loma
ZZZZZZZ-1	Signature of Engr. Elwell O. Loma
ZZZZZZZ-2	Signature of the Notary Public, Atty. Delfin R. Agcaoili, Jr.
ZZZZZZZ-3	Signature of Tomas B. Temprosa, Jr.

Respondent, on the other hand, presented her lone witness, Revenue Officer IV Raul Q. Magtagnob.[38]

On May 27, 2015, respondent filed her Formal Offer of Evidence[39], consisting of Exhibits "R-1" to "R-14-a"; which were all admitted in the Resolution[40] dated August 28, 2015.

Respondent offered the following documentary exhibits:

Exhibit:	Description:
R-1	Letter of Authority No. 00021866 dated April 30, 2008
R-2	Memorandum dated July 4, 2005
R-3	Memorandum (recommending that revenue officers be given the necessary authority to investigate petitioner to determine the correct amount of taxes due to the government) dated

[38] Docket, pp. 1729-1736.
[39] Docket, pp. 1807-1818.
[40] Docket, pp. 1894-1895.

	January 28, 2008
R-4	Memorandum (recommending the referral of the case to the National Investigation Division for formal investigation of the case) dated April 2, 2008
R-5	First Notice
R-6	2nd Notice For Submission of Documents Requested
R-7	Letter dated September 29, 2008
R-8	Memorandum dated February 27, 2009
R-9	Preliminary Assessment Notice dated February 27, 2009
R-10	Formal Letter of Demand dated July 15, 2009
R-11	Assessment Notices
R-12	Final Decision on Disputed Assessment
R-13	BIR Investigation Records
R-14	Judicial Affidavit of Raul Q. Magtagnob
R-14-a	Signature of Raul Q. Magtagnob

Petitioners' Memorandum[41] was filed on July 21, 2015, while respondent submitted a Manifestation[42] stating that she is adopting the arguments raised in her Answer dated June 28, 2010 as her Memorandum.

In a Resolution[43] dated October 7, 2015, the case was deemed submitted for decision.

THE ISSUES[44]

The parties jointly stipulated the following issues for this Court's resolution:

1. Whether the subject Formal Letter of Demand and deficiency income tax Assessment Notices are void and of no force and effect; *ɛ*

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[41] Docket, pp. 1874-1889.
[42] Docket, pp. 1896-1897.
[43] Docket, p. 1900.
[44] JSF, Docket, p. 142.

2. Whether respondent presented clear and convincing evidence of fraud to warrant the imposition of 50% surcharge;

3. Whether the subject Formal Letter of Demand and deficiency income tax assessments for the taxable years 1992 to 2004 were issued within the prescriptive period provided under the NIRC of 1997;

4. Whether petitioners' disclosures in the Tax Amnesty Return and Statement of Assets, Liabilities and Networth as of December 21, 2005, which they prepared and filed for their close corporation, J.S. Cruz Construction and Development, Inc. can be used as evidence against them; and

5. Whether or not petitioners are liable for the deficiency income tax assessment in the amount of ₱804,941,747.88 for the period of taxable years 1992 to 2004 plus surcharges and interest thereto.

DISCUSSION

Assessment Notices for taxable years 1992 to 2003 are null and void for lack of valid LOA.

There must be a grant of authority before a revenue officer can conduct an examination of a taxpayer's books of accounts and other accounting records for the purpose of determining the correct tax due. Revenue officers cannot proceed with their examination of the taxpayer's books if they are not clothed with authority. Thus, it is crucial that an authority which may be in the form of a LOA, complete and certain as to the taxable year involved, must be issued prior to the conduct of an audit of a taxpayer's records. c

In this case, the revenue officers conducted the examination of petitioners' books of accounts and other accounting records on the strength of LOA 2007-00021886[45] dated April 30, 2008 issued by Deputy CIR Gregorio V. Cabantac, which reads as follows:

> "SIR/MADAM/GENTLEMEN: Rev. Officers Valentin C. Paz, Themis L. Maroket and Edgardo S. Sabareza
>
> The bearer(s) hereof, Under the supervision of RAUL Q. MAGTAGNOB of the National Investigation Division is/are authorized to examine your books of accounts and other accounting records for All Internal Revenue Taxes for the period from Taxable years, 2004 to UPY. He is/They are provided with the necessary identification card(s) which shall be presented to you upon request.
>
> It is requested that all facilities be extended to the Revenue Officer(s) in order to expedite the examination.
>
> You will be duly informed of the results of the examination upon approval of the report submitted by the aforementioned Revenue Officer(s).
>
> Very truly yours,
>
> GREGORIO V. CABANTAC
> Deputy Commissioner
> Legal and Inspection Group"

Based on this singular LOA, without any specification as to what consists of "UPY" or "unverified prior years", respondent conducted an examination of petitioners' books of accounts and issued thirteen (13) income tax assessment notices covering thirteen (13) taxable years from 1992 to 2004. *C*

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[45] Exhibit "R-1", BIR Records, p. 59.

It is well settled that the issuance of an LOA covering "unverified prior years" is a prohibited practice under Section C of Revenue Memorandum Order (RMO) No. 43-90 dated September 20, 1990. A LOA with "unverified prior year" does not confer any authority to audit the taxpayer's books outside the specific taxable year mentioned therein. In the case of *Commissioner of Internal Revenue vs. Sony Philippines, Inc.*[46], the Supreme Court made it clear that an assessment based on a LOA with "unverified prior years" is a nullity, to wit:

> "Based on Section 13 of the Tax Code, a Letter of Authority or LOA is the authority given to the appropriate revenue officer assigned to perform assessment functions. It empowers or enables said revenue officer to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax. The very provision of the Tax Code that the CIR relies on is unequivocal with regard to its power to grant authority to examine and assess a taxpayer.
>
> **'SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.** -
>
> (A) Examination of Returns and Determination of Tax Due. - After a return has been filed as required under the provisions of this Code, the Commissioner or his duly authorized representative **may authorize the examination of any taxpayer and the assessment of the correct amount of tax**: *Provided, however,* That failure to file a return shall not prevent the Commissioner from **authorizing the examination of**

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[46] G.R. No. 178697, November 17, 2010.

> **<u>any taxpayer</u>**.' xxx [Emphases supplied]

Clearly, there must be a grant of authority before any revenue officer can conduct an examination or assessment. Equally important is that the revenue officer so authorized must not go beyond the authority given. In the absence of such an authority, the assessment or examination is a nullity.

As earlier stated, LOA 19734 covered 'the period 1997 and unverified prior years.' For said reason, the CIR acting through its revenue officers went beyond the scope of their authority because the deficiency VAT assessment they arrived at was based on records from January to March 1998 or using the fiscal year which ended in March 31, 1998. As pointed out by the CTA-First Division in its April 28, 2005 Resolution, the CIR knew which period should be covered by the investigation. Thus, if CIR wanted or intended the investigation to include the year 1998, it should have done so by including it in the LOA or issuing another LOA.

Upon review, the CTA-EB even added that the coverage of LOA 19734, particularly the phrase 'and unverified prior years,' violated Section C of Revenue Memorandum Order No. 43-90 dated September 20, 1990, the pertinent portion of which reads:

> 3. **A Letter of Authority should cover a taxable period not exceeding one taxable year. The practice of issuing L/As covering audit of 'unverified prior years is hereby prohibited. If the audit of a taxpayer shall include more than one taxable period, the other periods or years shall be specifically indicated in the L/A**. [Emphasis supplied]" *(Emphasis supplied)* ⸝

Consequently, when the revenue officers conducted an examination of petitioners' books for taxable years 1992 to 2003, it was done without authority. The "unverified prior years" cannot be equated to mean the inclusion of the said years. If it is the intention of respondent to audit the books of petitioners, respondent should have issued separate LOAs for taxable years 1992 to 2003.

On the other hand, it was correct for the revenue officers to proceed with the examination of petitioners' books for taxable year 2004 since the said year was specifically mentioned in the LOA.

It is important that the taxable year being assessed must be certain, in relation to the service of Assessment Notices, in order to determine whether or not respondent's right to assess and collect the tax assessed are within the prescriptive period. The very reason why the law provided for prescription is to give taxpayers peace of mind, that is, to safeguard them from unreasonable examination, investigation, or assessment.[47] In the absence of a definite taxable year, the taxpayer would be at a loss in presenting its case and in adducing supporting documents; thus, no effective protest can be made.

Thus, for lack of valid LOA, the Assessment Notices issued for taxable years 1992 to 2003 are null and void.

Due process was observed in the issuance of PAN, FLD, and Assessment Notice for taxable year 2004.

We shall now determine the validity of the PAN, the Formal Letter of Demand, and the Assessment Notice for alleged deficiency income tax for taxable year 2004.

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[47] *Commissioner of Internal Revenue vs. Standard Chartered Bank*, G.R. No. 192173, July 29, 2015.

The law requires that the taxpayer shall be informed in writing of the law and the facts on which the assessment is made. Otherwise, the assessment is void. The relevant provision of the NIRC of 1997, as amended, is Section 228, which is quoted hereunder for easy reference:

> SEC. 228. *Protesting of Assessment.* — When the Commissioner or his duly authorized representative finds that proper taxes should be assessed, he shall first notify the taxpayer of his findings: *Provided, however*, That a pre-assessment notice shall not be required in the following cases:
>
> (a) When the finding for any deficiency tax is the result of mathematical error in the computation of the tax as appearing on the face of the return; or
>
> (b) When a discrepancy has been determined between the tax withheld and the amount actually remitted by the withholding agent; or
>
> (c) When a taxpayer who opted to claim a refund or tax credit of excess creditable withholding tax for a taxable period was determined to have carried over and automatically applied the same amount claimed against the estimated tax liabilities for the taxable quarter or quarters of the succeeding taxable year; or
>
> (d) When the excise tax due on excisable articles has not been paid; or
>
> (e) When an article locally purchased or imported by an exempt person, such as, but not limited to, vehicles, capital equipment, machineries and spare parts, has been sold, traded or transferred to non-exempt persons.

The taxpayers shall be informed in writing of the law and the facts on which the assessment is made; otherwise, the assessment shall be void.

Within a period to be prescribed by implementing rules and regulations, the taxpayer shall be required to respond to said notice. If the taxpayer fails to respond, the Commissioner or his duly authorized representative shall issue an assessment based on his findings.

Such assessment may be protested administratively by filing a request for reconsideration or reinvestigation within thirty (30) days from receipt of the assessment in such form and manner as may be prescribed by implementing rules and regulations. Within sixty (60) days from filing of the protest, all relevant supporting documents shall have been submitted; otherwise, the assessment shall become final.

If the protest is denied in whole or in part, or is not acted upon within one hundred eighty (180) days from submission of documents, the taxpayer adversely affected by the decision or inaction may appeal to the Court of Tax Appeals within thirty (30) days from receipt of the said decision, or from the lapse of the one hundred eighty (180)-day period; otherwise, the decision shall become final, executory and demandable.

Relative thereto is Section 3.1.4 of RR No. 12-99, which provides:

3.1.4. *Formal Letter of Demand and Assessment Notice*. – The formal letter of demand and assessment notice shall be issued by the Commissioner or his duly authorized representative. The letter of demand calling for payment of the taxpayer's deficiency tax or taxes shall state the facts, the law, rules and regulations, or jurisprudence on which the assessment is based, *otherwise, the formal*

> *letter of demand and assessment notice shall be void.* xxx The same shall be sent to the taxpayer only by registered mail or by personal delivery. xxx

There is no dispute that petitioners received the PAN[48], the Formal Letter of Demand[49], and Assessment Notice No. ES-IT-2004-0806[50] for taxable year 2004. The fact of receipt was evidenced by its Letter Protest[51] dated May 6, 2009 and Administrative Protest[52] dated October 16, 2009.

Upon examination of the Formal Letter of Demand and the attached Assessment Notice No. ES-IT-2004-0806[53], petitioners were assessed for their alleged failure to report, for income tax purposes, the sources of their cash investments in Manila East Holding Corporation ("MEHCOR" for brevity) and J.S. Cruz Construction and Development Inc. ("CRUZCON" for brevity), of which they are stockholders.[54] Respondent cited Sections 29(a) and 32(A)(2) of the NIRC of 1997, as amended, as her legal basis.

In Annex "A-1"[55] of the Formal Letter of Demand, respondent laid in detail the factual and legal bases of the assessment, to wit:

> "Verification conducted on the Audited Financial Statements and Corporate Records of Manila East Holdings Corporation and J.S. Cruz Construction Corporation disclosed that Spouses Julio and Priscila Cruz made substantial Cash Investments from 1992 to 2004 which totaled to Php743,366,011.58. These cash investments are broken as follows: *ℓ*

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[48] Exhibit "R-9", BIR Records, pp. 667-670.
[49] Exhibit "R-10", BIR Records, pp. 1082-1085.
[50] Exhibit "R-11", BIR Records, p. 1025.
[51] Petitioners' Exhibits "C" to "C5".
[52] Petitioners' Exhibits "NN" to "NN12".
[53] Exhibit "R-11", BIR Records, p. 1025.
[54] Petitioners' Exhibits "V" and "T".
[55] Exhibit "R-10", BIR Records, pp. 1082-1083.

A. Manila East Holdings Corp	Amount
1) Cash Payments of Capital Stocks	141,589,616.00
2) Cash Advances	156,637,793.94
3) Cash Deposits for future Subscriptions	72,550,000.00
TOTAL	370,777,409.94
B. J.S. Cruz Construction & Dev. Corp	Amount
1) Cash Advances to CRUZCON	332,588,601.41
2) Cash Deposits for future Subscriptions	40,000,000.00
TOTAL	372,588,601.74
TOTAL	743,366,011.58

Verification conducted on the Bureau of Internal Revenue's Integrated Tax Systems disclosed that Spouses Julio and Priscila Cruz filed their combined income tax returns from 1999 to 2004 using BIR form 1700. (Compensation income subject to fix and determinable income tax rate).

Their reported compensation income from 1999 to 2004 totaled to Php 9,686,480.00 and are broken down as follows:

Julio and Priscila Cruz (Income Tax Returns Filed)	Amount
1) 1992 to 1998	None
2) 1999	651,440.00
3) 2000	677,520.00
4) 2001	677,520.00
5) 2002	2,400,000.00
6) 2003	2,400,000.00
7) 2004	2,880,000.00
TOTAL	9,686,480.00

Spouses Julio and Priscila Cruz were assessed of Php 688,775,028.11 computed on a yearly basis inclusive of increments for unsubstantiated/ unexplained sources of cash investments of Php 743,366,011.58 in Manila East Holdings Corporation and J.S. Cruz Construction and Development Corporation from 1992 to 2004." *ℓ*

Contrary to petitioners' contention that they were not duly informed of the basis of the assessment, the records reveal that they were sufficiently informed of the legal and factual bases of the assessment as well as the nature of the tax allegedly unpaid.

Assessment notices need not be a full narration of the facts and laws on which the assessment is based. It is enough that petitioner be substantially informed of the law and the facts on which the assessment for a tax liability is made in any other written document presented to the taxpayer. Thus, so long as the parties are notified and were given the opportunity to explain their side, the requirements of due process are satisfactorily complied with.[56]

Petitioners' explanations in their protest letters evidently show that they had a full grasp of the basis of the assessment for deficiency income tax.

The Court emphasizes its previous rulings in several cases[57] that "a taxpayer's actual knowledge of the bases of the assessments, such that it or he was able to intelligently protest the assessments, is sufficient compliance with the requirement of Section 228 of the Tax Code that 'the taxpayer shall be informed of the law and the facts on which the assessment is made'."

In the case of *Samar-I Electric Cooperative vs. Commissioner of Internal Revenue*[58], the Supreme Court affirmed the ruling of the CTA on due process and considered the exchange of correspondence between the

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[56] *Southern Negros Development Corporation vs. The Commissioner of Internal Revenue*, CTA EB No. 162 (CTA Case No. 7075), August 8, 2006.

[57] *Taian (Subic) Electric, Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 6314, March 17, 2006; *Camara Steel Industries, Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 5960, February 19, 2004; *Belle Corporation vs. Commissioner of Internal Revenue*, CTA Case No. 5930, April 4, 2002.

[58] G.R. No. 193100, December 10, 2014.

taxpayer and the BIR as proof that the taxpayer was fully informed of the basis of assessment, to wit:

> "Although the FAN and demand letter issued to petitioner were not accompanied by a written explanation of the legal and factual bases of the deficiency taxes assessed against the petitioner, the records showed that respondent in its letter dated April 10, 2003 responded to petitioner's October 14, 2002 letter-protest, explaining at length the factual and legal bases of the deficiency tax assessments and denying the protest.
>
> Considering the foregoing exchange of correspondence and documents between the parties, we find that the requirement of Section 228 was substantially complied with. Respondent had fully informed petitioner *in writing* of the factual and legal bases of the deficiency taxes assessment, which enabled the latter to file an 'effective' protest, much unlike the taxpayer's situation in *Enron*. Petitioner's right to due process was thus not violated."

Clearly, petitioners were given due process as they were able to intelligently protest both the PAN and the FLD.

On the propriety of the facts and the law upon which the assessment for taxable year 2004 was based.

At the outset, a confidential report accusing petitioners of non-payment of taxes prompted respondent to conduct a tax investigation against the former.[59] Respondent, acting on the said report, secured petitioners' Income Tax Returns (ITRs), Audited Financial Statement and General Information Sheet of MEHCOR[60] and CRUZCON[61], and Certificate of

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[59] Exhibit "R-2", BIR Records, p. 55.
[60] BIR Records, pp. 85-165.
[61] BIR Records, pp. 166-283.

Landholdings under names of petitioners, MEHCOR, and CRUZCON[62].

During the investigation, respondent used the Direct Method of Proof or Specific Item Method wherein the focus of audit is on a specific financial transaction and the establishment of the direct link between the taxpayer and the flow of funds. Allegedly, the unsubstantiated and unexplained wealth started in 1992 when MEHCOR was incorporated and an initial cash investment of ₱2,812,500.00 was made by petitioners. This was followed by cash advances extended to CRUZCON from 1998 to 2004.[63]

Considering that the Assessment Notices for 1992 to 2003 were already declared null and void, the Court shall focus only on the deficiency income tax assessment for taxable year 2004 consisting of the alleged cash advances extended to CRUZCON.

Based on the findings of respondent, out of the total cash advances extended by petitioners to CRUZCON in the amount of ₱332,588,601.41, the alleged portion pertaining to taxable year 2004 amounted to ₱31,261,640.38. Respondent further avers that since the only income declared by petitioners were compensation income, subject to fix and determinable withholding income tax rate in their Annual Income Tax Returns as filed with the BIR, the need for a fixed starting point or opening net worth at which time petitioners' financial condition can be affirmatively established with some definiteness is not necessary anymore because respondent was able to identify specific fraudulent corporate and financial transactions entered into by petitioners.[64] *L*

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[62] BIR Records, pp. 13-23.
[63] Exhibit "R-8", BIR Records, pp. 626-641.
[64] *Ibid.*

The alleged unexplained investment for taxable year 2004 was computed as follows:[65]

PARTICULARS	CRUZCON
A) Cash Advances to CRUZCON	
Julio Cruz	31,261,640.68
Total unreported income	31,261,640.68
Income tax due: First Php 500,000.00 Php 125,000.00	
Next Php 30,761,640.68 x 32% Php 9,843,725.02	9,968,725.02
Add: 50% Surcharge	4,984,362.51
20% Interest per year-Apr 16, 2005 to Apr 15, 2009 (48 months)	7,974,980.01
Total Income Tax Due	22,928,067.54

On the other hand, petitioners claim that the source of the alleged "advances" made by petitioner Julio Cruz to CRUZCON is a real property appreciation in value and transfer to CRUZCON under the non-recognition provisions of the Tax Code.

According to petitioners, the cost of acquisition of the subject real property is ₱1,579,845.00. At the time of the proposed transfer to CRUZCON in the year 2004, its book value increased to ₱31,261,640.68. Appreciation in value of a real property, considering its essential character, cannot be brought within the meaning of taxable income. To tax a mere appreciation in value is to tax a capital increase, and not income. It would require disposition or conversion of capital in order to pay the tax.

After considering the arguments of both parties, the Court finds petitioners' arguments untenable.

Petitioners confirmed that the transaction involving the amount of ₱31,261,640.68 was between them and CRUZCON. While it appears from petitioners' explanation that there was no "cash" transaction, but only an

[65] *Ibid.*, p. 630.

appreciation in the value of real property, the evidence on record, particularly CRUZCON's Audited Financial Statements as of June 30, 2004[66], neither support petitioner's justification nor offer a satisfactory link between the alleged transaction and its source.

In CRUZCON's Comparative Statements of Financial Condition as of June 30, 2004[67], the amount of ₱31,261,640.68 appears as an increase under the "Advances from Stockholders" account, a liability account. When traced to Comparative Statements of Cash Flows for the Fiscal Year Ended June 30, 2004[68], the exact amount of ₱31,261,640.68 emerges under Cash Flow from Financing Activities as "Advances from Stockholders". This only depicts a positive CASH inflow, an addition to CRUZCON's total cash for the year 2004, and not a mere increase in the value of a transferred real property.

Likewise, if there was indeed a transfer of real property from petitioners to CRUZCON, the corporations' total assets should have increased by relatively the same amount. Yet, based on CRUZCON's Comparative Statements of Financial Condition as of June 30, 2004[69], only a net increase of ₱10,874,256.55 was noted from the following accounts where the real property could have been recorded:

Balance as of	**2004**	**2003**	**Increase (Decrease)**
Real Estate Inventories	₱158,460,765.93	₱154,408,445.96	₱ 4,052,319.97
Investment in Real Properties & Stocks	171,975,825.06	164,468,319.41	7,507,505.65
Property & Equipment	₱194,339,180.07	₱195,024,749.14	(685,569.07)
Net increase (decrease)			**₱10,874,256.55**

The net increase did not tally with the value of real property of ₱31,261,640.68 alleged to have been transferred by petitioners to CRUZCON.

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66 Petitioners' Exhibits "RRR" to "RRR-5".
67 *Ibid.*
68 *Ibid.*
69 Petitioners' Exhibit "RRR-4".

In the absence of any controverting evidence, the amount of ₱31,261,640.68 was a cash transaction which came from petitioners' "cash" advances extended to CRUZCON. The cash flow belies petitioners' allegation that the ₱31,261,640.68 is a mere appreciation in value of real property. Moreover, petitioners failed to establish the source of their cash investment, and that the source was properly reported for tax purposes.

The combined gross compensation income of petitioners' for taxable year 2004 in the amount of ₱2,880,000.00[70] appears to be out of proportion when compared to the cash investments extended to CRUZCON. Even with the alleged accumulated savings and income from the previous years, petitioner failed to show that these savings and business income came from sources properly reported for tax purposes.

Petitioners failed to overcome the prima facie evidence of false/fraudulent return, hence, the ten (10)-year prescriptive period applies.

Anent the issue on the imposition of the fifty percent (50%) surcharge in accordance with Section 248(B) of the NIRC of 1997, as amended, and on the issue of prescription, respondent asserts that there was willful filing of false and fraudulent returns on the part of petitioners with intent to evade payment of correct income taxes for the years involved in the assessment. Consequently, the prescriptive period to issue a tax assessment in such cases is within ten (10) years from the date of discovery of the falsity, fraud, or omission, pursuant to Section 222(a) of the NIRC of 1997, as amended.

[70] Petitioners' Exhibit "S".

In case of false or fraudulent return with intent to evade tax or of failure to file a return, a tax may be assessed and/or collected at any time within ten (10) years after the discovery of the falsity, fraud or omission. Section 222(a) of the NIRC of 1997, as amended, states:

> SEC. 222. *Exceptions as to Period of Limitation of Assessment and Collection of Taxes.* -
>
> (a) **In the case of a false or fraudulent return with intent to evade tax or of failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be filed without assessment, at any time within ten (10) years after the discovery of the falsity, fraud or omission:** *Provided*, That in a fraud assessment which has become final and executory, the fact of fraud shall be judicially taken cognizance of in the civil or criminal action for the collection thereof. *(Emphasis supplied)*

Relative to this is Section 248(B) of the NIRC of 1997, as amended, which provides the benchmark on what constitutes *prima facie* evidence of a false or fraudulent return filed by a taxpayer, *viz:*

> SEC. 248. *Civil Penalties.* -
>
> xxx xxx xxx
>
> (B) In case of willful neglect to file the return within the period prescribed by this Code or by rules and regulations, or in case a false or fraudulent return is willfully made, the penalty to be imposed shall be fifty percent (50%) of the tax or of the deficiency tax, in case any payment has been made on the basis of such return before the discovery of the falsity or fraud: *Provided,* **That a substantial underdeclaration of taxable sales, receipts or income, or a substantial overstatement of deductions, as determined by the Commissioner**

> **pursuant to the rules and regulations to be promulgated by the Secretary of Finance, shall constitute *prima facie* evidence of a false or fraudulent return: *Provided, further,* That failure to report sales, receipts or income in an amount exceeding thirty percent (30%) of that declared per return, and a claim of deductions in an amount exceeding thirty percent (30%) of actual deductions, shall render the taxpayer liable for substantial underdeclaration of sales, receipts or income, or for overstatement of deductions, as mentioned herein**. *(Emphasis supplied)*

The Supreme Court explained the meaning of false or fraudulent return which warrants the application of the ten-year prescriptive period in the early case of *Aznar vs. Court of Tax Appeals, et al.*[71], to wit:

> "xxx We believe that the proper and reasonable interpretation of said provision should be that in the three different cases of (1) false return, (2) fraudulent return with intent to evade tax, (3) failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within ten years after the discovery of the (1) falsity, (2) fraud, (3) omission. Our stand that the law should be interpreted to mean a separation of the three different situations of false return, fraudulent return with intent to evade tax, and failure to file a return is strengthened immeasurably by the last portion of the provision which aggregates the situations into three different classes, namely 'falsity', 'fraud' and 'omission'. That there is a difference between 'false return' and 'fraudulent return' cannot be denied. While the first merely implies deviation from the truth, whether intentional or not, the second implies intentional or deceitful entry with intent to evade the taxes due.

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[71] G.R. No. L-20569, August 23, 1974.

> The ordinary period of prescription of 5 years within which to assess tax liabilities under Sec. 331 of the NIRC should be applicable to normal circumstances, but whenever the government is placed at a disadvantage so as to prevent its lawful agents from proper assessment of tax liabilities due to false returns, fraudulent return intended to evade payment of tax or failure to file returns, the period of ten years provided for in Sec. 332 (a) NIRC, from the time of the discovery of the falsity, fraud or omission even seems to be inadequate and should be the one enforced.
>
> There being undoubtedly false tax returns in this case, We affirm the conclusion of the respondent Court of Tax Appeals that Sec. 332 (a) of the NIRC should apply and that the period of ten years within which to assess petitioner's tax liability had not expired at the time said assessment was made."

Furthermore, in the case of *Commissioner of Internal Revenue vs. The Estate of Benigno P. Toda, Jr., et al.*[72], the Supreme Court ruled that even if the return merely failed to reflect the true or actual amount without fraud on the part of the taxpayer, the prescriptive period to assess the correct taxes is ten years from the discovery of the falsity.

Evidently, as long as there is a deviation from the truth, intentional or otherwise, the return filed is deemed false, and the 10-year prescriptive period under Section 222(a) of the NIRC of 1997, as amended, applies.

In this case, petitioners' combined Annual Income Tax Return for the year 2004[73] only declared a gross taxable income amounting to ₱2,880,000.00. Respondent found that petitioners' underdeclared income amounted to ₱31,261,640.68. This undeclared amount comprises of more than thirty percent (30%) of that declared in their returns,

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[72] G.R. No. 147188, September 14, 2004.
[73] Exhibit "S".

hence, such substantial underdeclaration is a *prima facie* evidence of false or fraudulent return against petitioners.

Considering the foregoing, the burden of proof to overcome this presumption now rests with petitioners. A presumption is *prima facie* proof of the fact presumed and, unless the fact thus *prima facie* established by legal presumption is disproved, it must stand as proved.[74]

After a careful consideration of the evidence presented, the Court finds the same insufficient to overcome this legal presumption. Therefore, the 10-year prescriptive period commenced from the issuance of LOA 2007-00021886 on April 30, 2008, when respondent discovered after investigation that petitioners were liable to pay deficiency income tax for taxable year 2004. Evidence shows that the Formal Letter of Demand dated July 15, 2009 and the Assessment Notice dated September 1, 2009 were issued and received by petitioners within the prescriptive period on September 17, 2009. Moreover, the imposition of the 50% surcharge was proper.

Finally, tax assessments by tax examiners enjoy presumption of correctness. Assessments are presumed to have been made in good faith. The taxpayer has the duty to prove otherwise. In the absence of proof of any irregularities in the performance of duties, an assessment duly made by a BIR examiner and approved by his superior officers will not be disturbed. All presumptions are in favor of the correctness of tax assessments.[75]

The alleged tax amnesty availment under Republic Act No. 9480 will not apply to petitioners.

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[74] *Republic vs. Sandiganbayan, et al.*, G.R. No. 152154, July 15, 2003.
[75] *Commissioner of Internal Revenue vs. Traders Royal Bank*, G.R. No. 167134, March 18, 2015.

It is petitioners' contention that since CRUZCON availed of tax amnesty under Republic Act (RA) No. 9480 in 2005, through petitioner Julio Cruz, they can no longer be assessed for taxable years 1992 to 2004. Petitioners further argue that the disclosures they made in the Tax Amnesty Return and Statement of Assets, Liabilities and Networth as of December 31, 2005 cannot be used as evidence against them.

Based on records, the documents[76] pertaining to the alleged availment of tax amnesty were denied admission, which cannot be given credence; hence, it is as if no tax amnesty was availed. Even assuming a tax amnesty was availed by CRUZCON, the benefits and privileges granted to it cannot inure to the benefit of petitioners.

A corporation, upon coming into existence, is invested by law with a personality separate and distinct from those of the persons composing it as well as from any other legal entity to which it may be related. For this reason, a stockholder is generally not made to answer for the acts or liabilities of the corporation, and vice versa.[77] In the same way that the rights and privileges granted to a corporation will not extend to its stockholders in their personal capacity.

Section 6 of RA No. 9480 provides that only those who availed of the tax amnesty and have fully complied with all its conditions shall be entitled to immunities and privileges, to wit:

> SECTION 6. ***Immunities and Privileges.*** – Those who availed themselves of the tax amnesty under Section 5 hereof, and have fully complied with all its conditions shall be entitled to the following immunities and privileges:

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[76] Petitioners' Exhibits "X" to "X-17".
[77] *Commissioner of Customs vs. Oilink International Corporation*, G.R. No. 161759, July 2, 2014.

(a) The taxpayer shall be immune from the payment of taxes, as well as additions thereto, and the appurtenant civil, criminal or administrative penalties under the National Internal Revenue Code of 1997, as amended, arising from the failure to pay any and all internal revenue taxes for taxable year 2005 and prior years.

(b) The taxpayer's Tax Amnesty Returns and the SALN as of December 31, 2005 shall not be admissible as evidence in all proceedings that pertain to taxable year 2005 and prior years, insofar as such proceedings relate to internal revenue taxes, before judicial, quasi-judicial or administrative bodies in which he is a defendant or respondent, and except for the purpose of ascertaining the networth beginning January 1, 2006, the same shall not be examined, inquired or looked into by any person or government office. However, the taxpayer may use this as a defense, whenever appropriate, in cases brought against him.

(c) The books of accounts and other records of the taxpayer for the years covered by the tax amnesty availed of shall not be examined: *Provided*, That the Commissioner of Internal Revenue may authorize in writing the examination of the said books of accounts and other records to verify the validity or correctness of a claim for any tax refund, tax credit (other than refund or credit of taxes withheld on wages), tax incentives, and/or exemptions under existing laws.

Thus, the tax amnesty allegedly availed by CRUZCON, even if filed by petitioner Julio Cruz, cannot redound to the benefit of petitioners as stockholders in their personal capacity.

Also, there is no merit in petitioners' contention that respondent used CRUZCON's Audited Financial Statements[78] for taxable year 2004 as the sole basis in determining the amounts subject to income tax assessment and that the same shall not be used as evidence in all proceedings that pertain to taxable year 2005 and prior years as per RA No. 9480.

It should be noted that even prior to the alleged availment of tax amnesty, respondent was already performing an investigation.[79] BIR Records reveal that the factual basis of the assessment came not only from its own Integrated Tax System, but also from documents from the Securities and Exchange Commission[80] and the Office of the Municipal Assessor, Municipality of Taytay[81].

In sum, the Court finds petitioners liable for basic deficiency income tax for taxable year 2004 amounting to ₱9,968,725.02, computed as follows:

PARTICULARS	AMOUNT
A) Cash Advances to CRUZCON	
Julio Cruz	₱ 31,261,640.68
Total unreported income	₱ 31,261,640.68
Income tax due:	
First 500,000.00	125,000.00
Next 30,761,640.68 x 32%	9,843,725.02
Basic deficiency income tax	**₱9,968,725.02**

WHEREFORE, premises considered, the deficiency income tax assessment issued by respondent against petitioner for taxable year 2004 is **AFFIRMED**, while the

[78] Exhibit "RRR".
[79] BIR Records. p. 23.
[80] BIR Records, pp. 85-283.
[81] BIR Records, pp. 13-23.

deficiency income tax assessments for taxable years 1992 to 2003 are **CANCELLED** and **SET ASIDE** for lack of valid LOA. Accordingly, petitioners are **ORDERED TO PAY FOURTEEN MILLION NINE HUNDRED FIFTY THREE THOUSAND EIGHTY-SEVEN PESOS AND FIFTY-THREE CENTAVOS (₱14,953,087.53)** representing basic deficiency income tax, inclusive of the 50% surcharge imposed under Section 248(B) of the NIRC of 1997, as amended, computed as follows:

Basic deficiency income tax for taxable year 2004	₱ 9,968,725.02
Add: 50% surcharge	4,984,362.51
Total	**₱14,953,087.53**

In addition, petitioners are hereby **ORDERED TO PAY**:

(a) Deficiency interest at the rate of twenty (20%) per annum on the basic deficiency income tax computed from April 15, 2005 until full payment thereof pursuant to Section 249(B) of the NIRC of 1997, as amended; and

(b) Delinquency interest at the rate of 20% per annum on the total amount of ₱14,953,087.53 and on the 20% deficiency interest which have accrued as afore-stated in (a), computed from April 12, 2010 until full payment thereof pursuant to Section 249(C) of the NIRC of 1997, as amended.

SO ORDERED.

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

ERLINDA P. UY
Associate Justice

C E R T I F I C A T I O N

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

ROMAN G. DEL ROSARIO
Presiding Justice
Chairperson, 1st Division