

## SECOND DIVISION

[ G.R. No. 208283, June 19, 2019 ]

**PRIME SAVINGS BANK, REPRESENTED BY ITS STATUTORY LIQUIDATOR, THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, PETITIONER, V. SPOUSES ROBERTO AND HEIDI L. SANTOS, RESPONDENTS.**

### R E S O L U T I O N

**CAGUIOA, J:**

Before the Court is a Petition for Review on *Certiorari*<sup>[1]</sup> (Petition) under Rule 45 of the Rules of Court filed by petitioner Prime Savings Bank (Prime Savings Bank), represented by its Statutory Liquidator, the Philippine Deposit Insurance Corporation (PDIC), against respondents Spouses Roberto and Heidi L. Santos (Sps. Santos), assailing the Resolution<sup>[2]</sup> dated February 16, 2012 (first assailed Resolution) and Resolution <sup>[3]</sup> dated July 2, 2013 (second assailed Resolution) (collectively, the assailed Resolutions) rendered by the Court of Appeals, Cagayan de Oro City (CA) in CA-G.R. SP No. 03348-MIN.

**The Facts and Antecedent Proceedings**

As culled from the records of the instant case, the essential facts and antecedent proceedings of the case are as follows:

On January 20, 1999, the Sps. Santos filed a Complaint for Rescission of Sale and Real Estate Mortgage with Prayer for Injunction (Complaint) with the Regional Trial Court of General Santos City, Branch 36 (RTC) against one Engr. Edgardo Torcende (Torcende) and Prime Savings Bank. The case was docketed as Civil Case No. 6492.

On January 7, 2000, or during the pendency of Civil Case No. 6492, the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) issued Resolution No. 22<sup>[4]</sup> which prohibited Prime Savings Bank from doing business and placed it under receivership, with PDIC as the designated receiver. On April 27, 2000, and by virtue of Resolution No. 664,<sup>[5]</sup> the Monetary Board placed Prime Savings Bank under liquidation with PDIC as the designated Liquidator.

On July 19, 2000, pursuant to Section 30 of Republic Act No. (RA) 7653, also known as the New Central Bank Act, PDIC filed a Petition for Assistance in the Liquidation (PAL) of Prime Savings Bank, Inc. The case was docketed as Special Proceeding Case No. 11097 before the Regional Trial Court of Pasig City (Liquidation Court).

Meanwhile, on September 1, 2006, in Civil Case No. 6492, the RTC rendered a Decision in favor of the Sps. Santos and against Engr. Torcende and Prime Savings Bank. On March 21, 2007, Prime Savings Bank received a Notice of Garnishment<sup>[6]</sup> dated March 7, 2007. Attached to the Notice of Garnishment were the Entry of Final

Judgment<sup>[7]</sup> dated February 13, 2007 and Writ of Execution<sup>[8]</sup> dated February 14, 2007.

Prime Savings Bank filed with the RTC a Motion to Lift (re: February 14, 2007 Writ of Execution and March 7, 2007 Notice of Garnishment)<sup>[9]</sup> with additional prayer that the Sps. Santos be directed to file a judgment claim in the Liquidation Court.

On August 16, 2007, finding merit in the position of Prime Savings Bank, the RTC issued an Order<sup>[10]</sup> lifting the Writ of Execution and Notice of Garnishment. The RTC cited Section 30 of RA 7653, which states that the assets of an institution under receivership or liquidation shall be deemed in *custodia legis* in the hands of the receiver and shall be exempt from any order of garnishment, levy, attachment, or execution.<sup>[11]</sup> The RTC further explained that the stay of the execution of the judgment is warranted due to the fact that Prime Savings Bank was placed under receivership. To execute the judgment would unduly deplete the assets of Prime Savings Bank to the prejudice of the other depositors and credits.<sup>[12]</sup>

The Sps. Santos filed a Motion for Reconsideration<sup>[13]</sup> dated August 30, 2007 assailing the aforesaid Order of the RTC.

In its Order<sup>[14]</sup> dated September 29, 2009, the RTC reversed itself and granted the Motion for Reconsideration. The RTC ordered the enforcement of the Writ of Execution and Notice of Garnishment against Prime Savings Bank. Hence, on November 3, 2009, Prime Savings Bank received another Notice of Garnishment<sup>[15]</sup> dated October 26, 2009 from the Sheriff of the RTC, Alfredo T. Pallanan.

Hence, on December 19, 2009, Prime Savings Bank filed a Petition for *Certiorari* under Rule 65 with Prayer for the Issuance of Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction (WPI) (*Certiorari* Petition) before the CA. The matter was docketed as CA-G.R. SP No. 03348-MIN.

The *Certiorari* Petition sought the reversal of the RTC's Order allowing the execution and garnishment of Prime Savings Bank's assets, and that the RTC be enjoined from further acting on the Notices of Garnishment dated March 7, 2007 and October 26, 2009, in implementation of the Writ of Execution dated February 14, 2007.

### **The Ruling of the CA on the Application for the Issuance of a TRO/WPI**

On February 16, 2012, the CA issued the first assailed Resolution denying Prime Savings Bank's application for TRO and/or WPI. The first assailed Resolution reads:

Acting on the petitioner's application for the issuance of a temporary restraining order (TRO) and/or writ or (sic) preliminary injunction (WPI), and the Comment filed by respondents, the Court resolves to **DENY** the petitioner's application for the issuance of a TRO and/or a WPI for failure to demonstrate sufficiently that a clear legal right or an urgent necessity exists to justify the issuance of an injunctive relief.

SO ORDERED.<sup>[16]</sup>

Prime Savings Bank filed a Motion for Reconsideration<sup>[17]</sup> dated March 9, 2012, which was denied by the CA in its second assailed Resolution.