

SECOND DIVISION

[G. R. No. 171701, February 08, 2012]

REPUBLIC OF THE PHILIPPINES PETITIONER, VS. MA. IMELDA "IMEE" R. MARCOS-MANOTOC, FERDINAND "BONGBONG" R. MARCOS, JR., GREGORIO MA. ARANETA III, IRENE R. MARCOS-ARANETA, YEUNG CHUN FAN, YEUNG CHUN HO, YEUNG CHUN KAM, AND PANTRANCO EMPLOYEES ASSOCIATION (PEA)-PTGWO, RESPONDENTS.

DECISION

SERENO, J.:

Before this Court is a Petition for Review filed by the Republic of the Philippines assailing the Resolutions^[1] issued by the Sandiganbayan in connection with an alleged portion of the Marcoses' supposed ill-gotten wealth.

This case involves P200 billion of the Marcoses' alleged accumulated ill-gotten wealth. It also includes the alleged use of the media networks IBC-13, BBC-2 and RPN-9 for the Marcos family's personal benefit; the alleged use of De Soleil Apparel for dollar salting; and the alleged illegal acquisition and operation of the bus company Pantranco North Express, Inc. (Pantranco).

The Facts

After the EDSA People Power Revolution in 1986, the first executive act of then President Corazon C. Aquino was to create the Presidential Commission on Good Government (PCGG). Pursuant to Executive Order No. 1, the PCGG was given the following mandate:

Sec. 2. The Commission shall be charged with the task of assisting the President in regard to the following matters:

- (a) The recovery of all ill-gotten wealth accumulated by former President Ferdinand E. Marcos, his immediate family, relatives, subordinates and close associates, whether located in the Philippines or abroad, including the takeover or sequestration of all business enterprises and entities owned or controlled by them, during his administration, directly or through nominees, by taking undue advantage of their public office and/or using their powers, authority, influence, connections or relationship.
- (b) The investigation of such cases of graft and corruption as the President may assign to the Commission from time to time.
- (c) The adoption of safeguards to ensure that the above practices shall not be repeated in any manner under the new government,

and the institution of adequate measures to prevent the occurrence of corruption.

Sec. 3. The Commission shall have the power and authority:

- (a) To conduct investigation as may be necessary in order to accomplish and carry out the purposes of this order.
- (b) To sequester or place or cause to be placed under its control or possession any building or office wherein any ill-gotten wealth or properties may be found, and any records pertaining thereto, in order to prevent their destruction, concealment or disappearance which would frustrate or hamper the investigation or otherwise prevent the Commission from accomplishing its task.
- (c) To provisionally take over in the public interest or to prevent its disposal or dissipation, business enterprises and properties taken over by the government of the Marcos Administration or by entities or persons close to former President Marcos, until the transactions leading to such acquisition by the latter can be disposed of by the appropriate authorities.
- (d) To enjoin or restrain any actual or threatened commission of facts by any person or entity that may render moot and academic, or frustrate, or otherwise make ineffectual the efforts of the Commission to carry out its tasks under this order.
- (e) To administer oaths, and issue subpoena requiring the attendance and testimony of witnesses and/or the production of such books, papers, contracts, records, statement of accounts and other documents as may be material to the investigation conducted by the Commission.
- (f) To hold any person in direct or indirect contempt and impose the appropriate penalties, following the same procedures and penalties provided in the Rules of Court.
- (g) To seek and secure the assistance of any office, agency or instrumentality of the government.
- (h) To promulgate such rules and regulations as may be necessary to carry out the purpose of this order.

Thus, numerous civil and criminal cases were subsequently filed. One of the civil cases filed before the Sandiganbayan to recover the Marcoses' alleged ill-gotten wealth was Civil Case No. 0002, now subject of this Petition.

On 16 July 1987, the PCGG, acting on behalf of the Republic and assisted by the Office of the Solicitor General (OSG), filed a Complaint for Reversion, Reconveyance, Restitution, Accounting and Damages against Ferdinand E. Marcos, who was later substituted by his estate upon his death; Imelda R. Marcos; and herein respondents Imee Marcos-Manotoc, Irene Marcos-Araneta, Bongbong Marcos, Tomas Manotoc, and Gregorio Araneta III.

On 1 October 1987, the PCGG filed an amended Complaint to add Constante Rubio as defendant.

Again on 9 February 1988, it amended the Complaint, this time to include as

defendants Nemesio G. Co and herein respondents Yeung Chun Kam, Yeung Chun Ho, and Yeung Chun Fan.

For the third time, on 23 April 1990, the PCGG amended its Complaint, adding to its growing list of defendants Imelda Cojuangco, the estate of Ramon Cojuangco, and Prime Holdings, Inc.[2]

The PCGG filed a fourth amended Complaint, which was later denied by the Sandiganbayan in its Resolution dated 2 September 1998.

The allegations contained in the Complaint specific to herein respondents are the following:[3]

29. Defendants Imelda (IMEE) R. Marcos-Manotoc, Tomas Manotoc, Irene R. Manotoc (sic) Araneta, Gregorio Ma. Araneta III, and Ferdinand R. Marcos, Jr., actively collaborated, with Defendants Ferdinand E. Marcos and Imelda R. Marcos among others, in confiscating and/or unlawfully appropriating funds and other property, and in concealing the same as described above. In addition, each of the said Defendants, either by taking undue advantage of their relationship with Defendants Ferdinand E. Marcos and Imelda R. Marcos, or by reason of the above-described active collaboration, unlawfully acquired or received property, shares of stocks in corporations, illegal payments such as commissions, bribes or kickbacks, and other forms of improper privileges, income, revenues and benefits. Defendant Araneta in particular made use of Asialand Development Corporation which is included in Annex "A" hereof as corporate vehicle to benefit in the manner stated above.

31. Defendants Nemesio G. Co, Yeung Chun Kam, Yeung Chun Ho and Yeung Chun Fan are the controlling stockholders of Glorious Sun Fashion Manufacturing Corporation (Phils.). Through Glorious Sun (Phils.), they acted as fronts or dummies, cronies or otherwise willing tools of spouses Ferdinand and Imelda Marcos and/or the family, particularly of Defendant Imelda (Imee) Marcos-Manotoc, in the illegal salting of foreign exchange[4] by importing denim fabrics from only one supplier - a Hong Kong based corporation which was also owned and controlled by defendant Hong Kong investors, at prices much higher than those being paid by other users of similar materials to the grave and irreparable damage of Plaintiff.

Thus, petitioner set forth the following causes of action in its Complaint:[5]

32. First Cause of Action: BREACH OF PUBLIC TRUST - A public office is a public trust. By committing all the acts described above, Defendants repeatedly breached public trust and the law, making them liable solidarily to Plaintiff. The funds and other property acquired by Defendants following, or as a result of, their breach of public trust, some of which are mentioned or described above, estimated to amount to ?200 billion are deemed to have been acquired for the benefit of Plaintiff and

are, therefore, impressed with constructive trust in favor of Plaintiff and the Filipino people. Consequently, Defendants are solidarily liable to restore or reconvey to Plaintiff all such funds and property thus impressed with constructive trust for the benefit of Plaintiff and the Filipino people.

33. Second Cause of Action: ABUSE OF RIGHT AND POWER -

(a) Defendants, in perpetrating the unlawful acts described above, committed abuse of right and power which caused untold misery, sufferings and damages to Plaintiff. Defendants violated, among others Articles 19, 20, and 21 of the Civil Code of the Philippines;

(b) As a result of the foregoing acts, Defendants acquired the title to the beneficial interest in funds and other property and concealed such title, funds and interest through the use of relatives, business associates, nominees, agents, or dummies. Defendants are, therefore, solidarily liable to Plaintiff to return and reconvey all such funds and other property unlawfully acquired by them estimated at TWO HUNDRED BILLION PESOS, or alternatively, to pay Plaintiff, solidarily, by way of indemnity, the damage caused to Plaintiff equivalent to the amount of such funds or the value of other property not returned or restored to Plaintiff, plus interest thereon from the date of unlawful acquisition until full payment thereof.

34. Third Cause of Action: UNJUST ENRICHMENT -

Defendants illegally accumulated funds and other property whose estimated value is P200 billion in violation of the laws of the Philippines and in breach of their official functions and fiduciary obligations. Defendants, therefore, have unjustly enriched themselves to the grave and irreparable damage and prejudice of Plaintiff. Defendants have an obligation at law, independently of breach of trust and abuse of right and power, and as an alternative, to solidarily return to Plaintiff such funds and other property with which Defendants, in gross evident bad faith, have unjustly enriched themselves or, in default thereof, restore to Plaintiff the amount of such funds and the value of the other property including those which may have been wasted, and/or lost estimated at P200 billion with interest thereon from the date of unlawful acquisition until full payment thereof.

35. Fourth Cause of Action: ACCOUNTING -

The Commission, acting pursuant to the provisions of the applicable law, believe that Defendants, acting singly or collectively, in unlawful concert with one another, and with the active collaboration of third persons, subject of separate suits, acquired funds, assets and property during the incumbency of Defendant public officers, manifestly out of proportion to their salaries, to their other lawful income and income from legitimately acquired property. Consequently, they are required to show to the satisfaction of this Honorable Court that they have lawfully acquired all such funds, assets and property which are in excess of their legal net

income, and for this Honorable Court to decree that the Defendants are under obligation to account to Plaintiff with respect to all legal or beneficial interests in funds, properties and assets of whatever kind and wherever located in excess of the lawful earnings or lawful income from legitimately acquired property.

36. Fifth Cause of Action - LIABILITY FOR DAMAGES -

(a) By reason of the unlawful acts set forth above, Plaintiff and the Filipino people have suffered actual damages in an amount representing the pecuniary loss sustained by the latter as a result of the Defendants' unlawful acts, the approximate value and interest of which, from the time of their wrongful acquisition, are estimated at P200 billion plus expenses which Plaintiff has been compelled to incur and shall continue to incur in its effort to recover Defendants' ill-gotten wealth all over the world, which expenses are reasonably estimated at P250 million. Defendants are, therefore, jointly and severally liable to Plaintiff for actual damages in an amount reasonably estimated at P200 Billion Pesos and to reimburse expenses for recovery of Defendants' ill-gotten wealth estimated to cost P250 million or in such amount as are proven during the trial.

(b) As a result of Defendants' acts described above, Plaintiff and the Filipino people had painfully endured and suffered moral damages for more than twenty long years, anguish, fright, sleepless nights, serious anxiety, wounded feelings and moral shock as well as besmirched reputation and social humiliation before the international community.

(c) In addition, Plaintiff and the Filipino people are entitled to temperate damages for their sufferings which, by their very nature are incapable of pecuniary estimation, but which this Honorable Court may determine in the exercise of its sound discretion.

(d) Defendants, by reason of the above described unlawful acts, have violated and invaded the inalienable right of Plaintiff and the Filipino people to a fair and decent way of life befitting a Nation with rich natural and human resources. This basic and fundamental right of Plaintiff and the Filipino people should be recognized and vindicated by awarding nominal damages in an amount to be determined by the Honorable Court in the exercise of its sound discretion.

(e) By way of example and correction for the public good and in order to ensure that Defendants' unlawful, malicious, immoral and wanton acts are not repeated, said Defendants are solidarily liable to Plaintiff for exemplary damages.

In the meantime, the Pantranco Employees Association-PTGWO (PEA-PTGWO), a union of Pantranco employees, moved to intervene before the Sandiganbayan. The former alleged that the trust funds in the account of Pantranco North Express, Inc. (Pantranco) amounting to ₱55 million rightfully belonged to the Pantranco employees, pursuant to the money judgment the National Labor Relations