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[G.R. No. 166859, April 12, 2011]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS.
SANDIGANBAYAN (FIRST DIVISION), EDUARDO M. COJUANGCO,
JR., AGRICULTURAL CONSULTANCY SERVICES, INC.,
ARCHIPELAGO REALTY CORP., BALETE RANCH, INC., BLACK
STALLION RANCH, INC., CHRISTENSEN PLANTATION COMPANY,
DISCOVERY REALTY CORP., DREAM PASTURES, INC., ECHO
RANCH, INC., FAR EAST RANCH, INC., FILSOV SHIPPING
COMPANY, INC., FIRST UNITED TRANSPORT, INC., HABAGAT
REALTY DEVELOPMENT, INC., KALAWAKAN RESORTS, INC.,
KAUNLARAN AGRICULTURAL CORP., LABAYUG AIR TERMINALS,
INC., LANDAIR INTERNATIONAL MARKETING CORP., LHL CATTLE
CORP., LUCENA OIL FACTORY, INC., MEADOW LARK
PLANTATIONS, INC., METROPLEX COMMODITIES, INC., MISTY
MOUNTAIN AGRICULTURAL CORP., NORTHEAST CONTRACT
TRADERS, INC., NORTHERN CARRIERS CORP., OCEANSIDE
MARITIME ENTERPRISES, INC., ORO VERDE SERVICES, INC.,
PASTORAL FARMS, INC., PCY OIL MANUFACTURING CORP.,
PHILIPPINE TECHNOLOGIES, INC., PRIMAVERA FARMS, INC.,
PUNONG-BAYAN HOUSING DEVELOPMENT CORP., PURA
ELECTRIC COMPANY, INC., RADIO AUDIENCE DEVELOPERS
INTEGRATED ORGANIZATION, INC., RADYO PILIPINO CORP.,
RANCHO GRANDE, INC., REDDEE DEVELOPERS, INC., SAN
ESTEBAN DEVELOPMENT CORP., SILVER LEAF PLANTATIONS,
INC., SOUTHERN SERVICE TRADERS, INC., SOUTHERN STAR
CATTLE CORP., SPADE ONE RESORTS CORP., UNEXPLORED LAND
DEVELOPERS, INC., VERDANT PLANTATIONS, INC., VESTA
AGRICULTURAL CORP. AND WINGS RESORTS CORP.,
RESPONDENTS.**

[G.R. NO. 169203]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS.
SANDIGANBAYAN (FIRST DIVISION), EDUARDO M. COJUANGCO,
JR., MEADOW LARK PLANTATIONS, INC., SILVER LEAF
PLANTATIONS, INC., PRIMAVERA FARMS, INC., PASTORAL
FARMS, INC., BLACK STALLION RANCH, INC., MISTY MOUNTAINS
AGRICULTURAL CORP., ARCHIPELAGO REALTY CORP.,
AGRICULTURAL CONSULTANCY SERVICES, INC., SOUTHERN
STAR CATTLE CORP., LHL CATTLE CORP., RANCHO GRANDE, INC.,
DREAM PASTURES, INC., FAR EAST RANCH, INC., ECHO RANCH,
INC., LAND AIR INTERNATIONAL MARKETING CORP., REDDEE
DEVELOPERS, INC., PCY OIL MANUFACTURING CORP., LUCENA
OIL FACTORY, INC., METROPLEX COMMODITIES, INC., VESTA
AGRICULTURAL CORP., VERDANT PLANTATIONS, INC.,**

KAUNLARAN AGRICULTURAL CORP., ECJ & SONS AGRICULTURAL ENTERPRISES, INC., RADYO PILIPINO CORP., DISCOVERY REALTY CORP., FIRST UNITED TRANSPORT, INC., RADIO AUDIENCE DEVELOPERS INTEGRATED ORGANIZATION, INC., ARCHIPELAGO FINANCE AND LEASING CORP., SAN ESTEBAN DEVELOPMENT CORP., CHRISTENSEN PLANTATION COMPANY, NORTHERN CARRIERS CORP., VENTURE SECURITIES, INC., BALETE RANCH, INC., ORO VERDE SERVICES, INC., AND KALAWAKAN RESORTS, INC., RESPONDENTS.

[G.R. NO. 180702]

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. EDUARDO M. COJUANGCO, JR., FERDINAND E. MARCOS, IMELDA R. MARCOS, EDGARDO J. ANGARA,* JOSE C. CONCEPCION, AVELINO V. CRUZ, EDUARDO U. ESCUETA, PARAJA G. HAYUDINI, JUAN PONCE ENRILE, TEODORO D. REGALA, DANILO URSUA, ROGELIO A. VINLUAN, AGRICULTURAL CONSULTANCY SERVICES, INC., ANGLO VENTURES, INC., ARCHIPELAGO REALTY CORP., AP HOLDINGS, INC., ARC INVESTMENT, INC., ASC INVESTMENT, INC., AUTONOMOUS DEVELOPMENT CORP., BALETE RANCH, INC., BLACK STALLION RANCH, INC., CAGAYAN DE ORO OIL COMPANY, INC., CHRISTENSEN PLANTATION COMPANY, COCOA INVESTORS, INC., DAVAO AGRICULTURAL AVIATION, INC., DISCOVERY REALTY CORP., DREAM PASTURES, INC., ECHO RANCH, INC., ECJ & SONS AGRI. ENT., INC., FAR EAST RANCH, INC., FILSOV SHIPPING COMPANY, INC., FIRST MERIDIAN DEVELOPMENT, INC., FIRST UNITED TRANSPORT, INC., GRANEXPORT MANUFACTURING CORP., HABAGAT REALTY DEVELOPMENT, INC., HYCO AGRICULTURAL, INC., ILIGAN COCONUT INDUSTRIES, INC., KALAWAKAN RESORTS, INC., KAUNLARAN AGRICULTURAL CORP., LABAYOG AIR TERMINALS, INC., LANDAIR INTERNATIONAL MARKETING CORP., LEGASPI OIL COMPANY, LHL CATTLE CORP., LUCENA OIL FACTORY, INC., MEADOW LARK PLANTATIONS, INC., METROPLEX COMMODITIES, INC., MISTY MOUNTAIN AGRICULTURAL CORP., NORTHEAST CONTRACT TRADERS, INC., NORTHERN CARRIERS CORP., OCEANSIDE MARITIME ENTERPRISES, INC., ORO VERDE SERVICES, INC., PASTORAL FARMS, INC., PCY OIL MANUFACTURING CORP., PHILIPPINE RADIO CORP., INC., PHILIPPINE TECHNOLOGIES, INC., PRIMAVERA FARMS, INC., PUNONG-BAYAN HOUSING DEVELOPMENT CORP., PURA ELECTRIC COMPANY, INC., RADIO AUDIENCE DEVELOPERS INTEGRATED ORGANIZATION, INC., RADYO PILIPINO CORP., RANCHO GRANDE, INC., RANDY ALLIED VENTURES, INC., REDDEE DEVELOPERS, INC., ROCKSTEEL RESOURCES, INC., ROXAS SHARES, INC., SAN ESTEBAN DEVELOPMENT CORP., SAN MIGUEL CORPORATION OFFICERS, INC., SAN PABLO MANUFACTURING CORP., SOUTHERN LUZON OIL MILLS, INC., SILVER LEAF PLANTATIONS, INC., SORIANO SHARES, INC., SOUTHERN SERVICE TRADERS, INC., SOUTHERN STAR CATTLE CORP., SPADE 1 RESORTS CORP., TAGUM AGRICULTURAL

DEVELOPMENT CORP., TEDEUM RESOURCES, INC., THILAGRO EDIBLE OIL MILLS, INC., TODA HOLDINGS, INC., UNEXPLORED LAND DEVELOPERS, INC., VALHALLA PROPERTIES, INC., VENTURES SECURITIES, INC., VERDANT PLANTATIONS, INC., VESTA AGRICULTURAL CORP. AND WINGS RESORTS CORP., RESPONDENTS.

JOVITO R. SALONGA, WIGBERTO E. TAÑADA, OSCAR F. SANTOS, VIRGILIO M. DAVID, ROMEO C. ROYANDAYAN FOR HIMSELF AND FOR SURIGAO DEL SUR FEDERATION OF AGRICULTURAL COOPERATIVES (SUFAC), MORO FARMERS ASSOCIATION OF ZAMBOANGA DEL SUR (MOFAZS) AND COCONUT FARMERS OF SOUTHERN LEYTE COOPERATIVE (COFA-SL); PHILIPPINE RURAL RECONSTRUCTION MOVEMENT (PRRM), REPRESENTED BY CONRADO S. NAVARRO; COCONUT INDUSTRY REFORM MOVEMENT, INC. (COIR) REPRESENTED BY JOSE MARIE T. FAUSTINO; VICENTE FABE FOR HIMSELF AND FOR PAMBANSANG KILUSAN NG MGA SAMAHAN NG MAGSASAKA (PAKISAMA); NONITO CLEMENTE FOR HIMSELF AND FOR THE NAGKAKAISANG UGNAYAN NG MGA MALILIIT NA MAGSASAKA AT MANGGAGAWA SA NIUGAN (NIUGAN); DIONELO M. SUANTE, SR. FOR HIMSELF AND FOR KALIPUNAN NG MALILIIT NA MAGNINIYOG NG PILIPINAS (KAMMPIL), INC., PETITIONERS-INTERVENORS.

D E C I S I O N

BERSAMIN, J.:

For over two decades, the issue of whether the sequestered sizable block of shares representing 20% of the outstanding capital stock of San Miguel Corporation (SMC) at the time of acquisition belonged to their registered owners or to the coconut farmers has remained unresolved. Through this decision, the Court aims to finally resolve the issue and terminate the uncertainty that has plagued that sizable block of shares since then.

These consolidated cases were initiated on various dates by the Republic of the Philippines (Republic) *via* petitions for *certiorari* in G.R. Nos. 166859^[1] and 169023, ^[2] and *via* petition for review on *certiorari* in 180702,^[3] the first two petitions being brought to assail the following resolutions issued in Civil Case No. 0033-F by the Sandiganbayan, and the third being brought to appeal the adverse decision promulgated on November 28, 2007 in Civil Case No. 0033-F by the Sandiganbayan.

Specifically, the petitions and their particular reliefs are as follows:

(a) G.R. No. 166859 (petition for *certiorari*), to assail the resolution promulgated on December 10, 2004^[4] denying the Republic's *Motion For Partial Summary Judgment*;

(b) G.R. No. 169023 (petition for *certiorari*), to nullify and set aside, *firstly*, the resolution promulgated on October 8, 2003,^[5] and, *secondly*, the resolution promulgated on June 24, 2005^[6] modifying the resolution

of October 8, 2003; and

(c) G.R. No. 180702 (petition for review on *certiorari*), to appeal the decision promulgated on November 28, 2007.^[7]

ANTECEDENTS

On July 31, 1987, the Republic commenced Civil Case No. 0033 in the Sandiganbayan by complaint, impleading as defendants respondent Eduardo M. Cojuangco, Jr. (Cojuangco) and 59 individual defendants. On October 2, 1987, the Republic amended the complaint in Civil Case No. 0033 to include two additional individual defendants. On December 8, 1987, the Republic further amended the complaint through its *Amended Complaint [Expanded per Court-Approved Plaintiff's Manifestation/Motion Dated Dec. 8, 1987]* albeit dated October 2, 1987.

More than three years later, on August 23, 1991, the Republic once more amended the complaint apparently to avert the nullification of the writs of sequestration issued against properties of Cojuangco. The amended complaint dated August 19, 1991, designated as *Third Amended Complaint [Expanded Per Court-Approved Plaintiff's Manifestation/Motion Dated Dec. 8, 1987]*,^[8] impleaded in addition to Cojuangco, President Marcos, and First Lady Imelda R. Marcos nine other individuals, namely: Edgardo J. Angara, Jose C. Concepcion, Avelino V. Cruz, Eduardo U. Escueta, Paraja G. Hayudini, Juan Ponce Enrile, Teodoro D. Regala, and Rogelio Vinluan, collectively, the ACCRA lawyers, and Danilo Ursua, and 71 corporations.

On March 24, 1999, the Sandiganbayan allowed the subdivision of the complaint in Civil Case No. 0033 into eight complaints, each pertaining to distinct transactions and properties and impleading as defendants only the parties alleged to have participated in the relevant transactions or to have owned the specific properties involved. The subdivision resulted into the following subdivided complaints, to wit:

<u>Subdivided Complaint</u>	<u>Subject Matter</u>
1. Civil Case No. 0033-A	Anomalous Purchase and Use of First United Bank (now United Coconut Planters Bank)
2. Civil Case No. 0033-B	Creation of Companies Out of Coco Levy Funds
3. Civil Case No. 0033-C	Creation and Operation of Bugsuk Project and Award of P998 Million Damages to Agricultural Investors, Inc.
4. Civil Case No. 0033-D	Disadvantageous Purchases and Settlement of the Accounts of Oil Mills Out of Coco Levy Funds
5. Civil Case No. 0033-E	Unlawful Disbursement and Dissipation of Coco Levy Funds
6. Civil Case No. 0033-F	Acquisition of SMC shares of stock
7. Civil Case No. 0033-G	Acquisition of Pepsi-Cola
8. Civil Case No. 0033-H	Behest Loans and Contracts

In Civil Case No. 0033-F, the individual defendants were Cojuangco, President Marcos and First Lady Imelda R. Marcos, the ACCRA lawyers, and Ursua. Impleaded as corporate defendants were Southern Luzon Oil Mills, Cagayan de Oro Oil Company, Incorporated, Iligan Coconut Industries, Incorporated, San Pablo Manufacturing Corporation, Granexport Manufacturing Corporation, Legaspi Oil Company, Incorporated, collectively referred to herein as the CIIF Oil Mills, and their 14 holding companies, namely: Soriano Shares, Incorporated, Roxas Shares, Incorporated, Arc Investments, Incorporated, Toda Holdings, Incorporated, ASC Investments, Incorporated, Randy Allied Ventures, Incorporated, AP Holdings, Incorporated, San Miguel Corporation Officers, Incorporated, Te Deum Resources, Incorporated, Anglo Ventures, Incorporated, Rock Steel Resources, Incorporated, Valhalla Properties, Incorporated, and First Meridian Development, Incorporated.

Allegedly, Cojuangco purchased a block of 33,000,000 shares of SMC stock through the 14 holding companies owned by the CIIF Oil Mills. For this reason, the block of 33,133,266 shares of SMC stock shall be referred to as the CIIF block of shares.

Also impleaded as defendants in Civil Case No. 0033-F were several corporations^[9] alleged to have been under Cojuangco's control and used by him to acquire the block of shares of SMC stock totaling 16,276,879 at the time of acquisition (representing approximately 20% percent of the capital stock of SMC). These corporations are referred to as Cojuangco corporations or companies, to distinguish them from the CIIF Oil Mills. Reference hereafter to Cojuangco and the Cojuangco corporations or companies shall be as Cojuangco, *et al.*, unless the context requires individualization.

The material averments of the Republic's *Third Amended Complaint (Subdivided)*^[10] in Civil Case No. 0033-F included the following:

12. Defendant Eduardo Cojuangco, Jr., served as a public officer during the Marcos administration. During the period of his incumbency as a public officer, he acquired assets, funds, and other property grossly and manifestly disproportionate to his salaries, lawful income and income from legitimately acquired property.

13. Having fully established himself as the undisputed "coconut king" with unlimited powers to deal with the coconut levy funds, the stage was now set for Defendant Eduardo M. Cojuangco, Jr. to launch his predatory forays into almost all aspects of Philippine economic activity namely: softdrinks, agribusiness, oil mills, shipping, cement manufacturing, textile, as more fully described below.

14. Defendant Eduardo Cojuangco, Jr. taking undue advantage of his association, influence and connection, acting in unlawful concert with Defendants Ferdinand E. Marcos and Imelda R. Marcos, and the individual defendants, embarked upon devices, schemes and stratagems, including the use of defendant corporations as fronts, to unjustly enrich themselves at the expense of Plaintiff and the Filipino people, such as when he - misused coconut levy funds to buy out majority of the outstanding shares of stock of San Miguel Corporation in order to control