

SECOND DIVISION

[G.R. Nos. 167055-56, March 25, 2010]

**PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,
PETITIONER, VS. SILANGAN INVESTORS AND MANAGERS, INC.
AND SANDIGANBAYAN, RESPONDENTS.**

[G.R. NO. 170673]

**PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,
PETITIONER, VS. POLYGON INVESTORS AND MANAGERS,
INCORPORATED AND SANDIGANBAYAN, RESPONDENTS.**

D E C I S I O N

CARPIO, ACTING CJ.:

The Case

G.R. Nos. 167055 and 167056 involve a petition for certiorari and prohibition under Rule 65 of the Rules of Court. The petition^[1] challenges the 21 June 2004 Resolution^[2] and 23 December 2004 Joint Resolution^[3] of the Sandiganbayan, Third Division, in Civil Case Nos. 0126 and 0127. The Sandiganbayan ordered the Land Bank of the Philippines (Land Bank), Commission on Audit Branch, Commonwealth Avenue, Quezon City, to release to Silangan Investors and Managers, Inc. (Silangan) its cash dividends, with interest, declared by Oceanic Wireless Network, Inc. (Oceanic). Fifteen percent of the total amount shall be paid to M.M. Lazaro & Associates as contingent fee.

G.R. No. 170673 is a petition for certiorari and prohibition under Rule 65 of the Rules of Court. The petition^[4] challenges the 7 July^[5] and 25 October^[6] 2005 Resolutions of the Sandiganbayan, Third Division, in Civil Case No. 0127. The Sandiganbayan ordered the Land Bank to release to Polygon Investors and Managers, Inc. (Polygon) its cash dividends, with interest, declared by Oceanic.

In its 22 March 2006 Resolution,^[7] the Court consolidated G.R. No. 170673 with G.R. Nos. 167055 and 167056.

The Facts

Silangan and Polygon owned 25,429 (39.999%) and 12,700 (19.977%) shares of stock, respectively, in Oceanic.

On 11 April 1986, the Presidential Commission on Good Government (PCGG) issued a writ^[8] of sequestration against Roberto S. Benedicto (Benedicto), Jose L. Africa

(Jose), Victor A. Africa (Victor), and Alfredo L. Africa, stating:

The Presidential Commission on Good Government by authority of the President of the Philippines, hereby orders the sequestration of the shares which belong to or are owned or controlled by ROBERTO S. BENEDICTO, JOSE L. AFRICA, VICTOR A. AFRICA AND ALFREDO L. AFRICA in the following business entities, including whatever emoluments or benefits may be due the said shares in:

1. Philippine Overseas Telecommunications Corp.
2. Philippine Communications Satellite Corp.
3. Eastern Telecommunications Phils.
4. Domestic Satellite Corporation
- 5. Oceanic Wireless Network, Inc.**
6. Philippine Consultancy Systems, Inc.
7. Premiere Building Administration Corp.
8. All Subsidiaries Organizations emanating from the above-named Corporations
9. All other business enterprises or entities in which the above-named individuals directly or in directly [sic] own or hold any form of interest.^[9] (Emphasis supplied)

On 27 July 1987, PCGG filed before the Sandiganbayan a complaint^[10] for reconveyance, accounting and damages against Jose, Manuel H. Nieto, Jr. (Nieto, Jr.), Ferdinand E. Marcos, Imelda R. Marcos, Ferdinand R. Marcos, Jr., Benedicto, Juan Ponce Enrile, and Potenciano Ilusorio. The case was docketed as Civil Case No. 0009.

On 15 June 1988, PCGG issued writs^[11] of sequestration against Aerocom Investors and Managers, Inc. (Aerocom) and Polygon, stating, "By virtue of the authority vested in the Commission, the above-named [companies are] hereby placed under sequestration, together with all of the shares of stock, office premises, records, documents, assets and other properties thereof."^[12]

By virtue of the writs of sequestration, PCGG sequestered majority of Oceanic's shares of stock and took over its management. PCGG voted the shares of stock registered in the names of Silangan and Polygon, reorganized the board of directors, elected its own set of officers, and declared cash dividends.

On 3 November 1990, Benedicto and PCGG entered into a compromise agreement,^[13] stating:

NOW, THEREFORE, for and in consideration of the foregoing premises, parties hereunto agree as they hereby agree to execute the following reciprocal cessions and concessions:

I. Property Cessions by BENEDICTO To The Government:

a) Cession to the Government by BENEDICTO and/or of his group-controlled corporations/businesses of their shareholdings/dividends/deposits Indicated In Annex "A" hereof.

x x x x

CESSION TO THE GOVERNMENT:

I. PHILIPPINE ASSETS:

x x x x

2. Oceanic Wireless Network, Inc.
51% of the equity belonging to
Benedicto/and or [sic] his companies
P1,014.00/share book value 13,538,765.00 M.^[14]

On 29 July 1991, PCGG filed before the Sandiganbayan a complaint^[15] for injunction and damages against Victor, Jose, Nieto, Jr., and Juan De Ocampo, praying:

WHEREFORE, it is respectfully prayed that this Honorable Court:

1. Immediately issue a Temporary Restraining Order enjoining the defendants and all persons acting for them from interfering with the work and functions and business transactions of [Oceanic's] present PCGG-installed Board and Management; until proper proceedings are filed by defendants and finally decided, resolving the legitimacy of the present PCGG-installed Board and Management, the defendants and their agents should be restrained from representing themselves as supposed [Oceanic] Directors or officers, or from acting as such, likewise stopping defendants from further sending to [Oceanic's] clients, suppliers, depositary banks, and other entities, letters or demands.^[16]

The case was docketed as Civil Case No. 0126.

On 1 August 1991, Jose, Nieto, Jr., Andres L. Africa, Aerocom, Polygon, Belgor Investment, Inc., and Silangan filed before the Sandiganbayan a petition^[17] for certiorari and prohibition under Rule 65 of the Rules of Court against PCGG. For this purpose, Silangan engaged the services of M.M. Lazaro & Associates and agreed to pay 15% of the total amount it may recover as contingent fee. The case was docketed as Civil Case No. 0127. The Sandiganbayan jointly heard Civil Case Nos. 0126 and 0127.

In its 7 March 1994 Order,^[18] the Sandiganbayan issued a writ of execution of the 3 November 1990 compromise agreement, stating:

Acting on the motion of counsel for the plaintiff, the parties being cognizant of the fact that partial execution of the Compromise Agreement had already been implemented, it appearing that the judgment on a compromise in respect to defendant former Ambassador Roberto Benedicto has become final and executory, let a writ of execution issue as prayed for.^[19]

In its 25 April 1994 Decision,^[20] the Sandiganbayan held that (1) the 15 June 1988 writs of sequestration were void because the PCGG failed to commence judicial action within the required six-month period; (2) the 11 April 1986 writ of sequestration was void because it was signed by only one commissioner; and (3) the acts of PCGG in managing Oceanic were void. The dispositive portion of the Decision reads:

WHEREFORE, judgment is hereby rendered as follows:

(1) Declaring as null and void the PCGG writs of sequestration, dated June 15, 1988 against Aerocom Investors & Managers, Inc., Polygon Investors & Managers, Inc., Silangan Investors & Managers, Inc. and Belgor Investments, Inc. for the reason that the said writs of sequestration were deemed automatically lifted for failure of the PCGG to commence the necessary judicial action against the said corporations within the required six-month period pursuant to Section 26 of Article XVIII of the 1987 Constitution.

(2) Declaring as null and void the order of sequestration, dated April 11, 1986, relative to the [Oceanic] shares owned by Jose L. Africa and Victor A. Africa on the ground that the said order of sequestration was signed only by PCGG Commissioner Mary Concepcion Bautista in violation of Section 3 of the Rules & Regulations of the PCGG requiring the signatures of at least two Commissioners on such order of sequestration.

(3) Declaring as null and void the acts and conduct of PCGG, its agents, nominees and representatives in reorganizing and taking over the Board of Directors and management of [Oceanic].^[21]

PCGG filed a motion for reconsideration, which was denied by the Sandiganbayan in its 30 March 1995 Resolution.

In its 31 July 1998 Order,^[22] the Sandiganbayan placed the cash dividends declared by Oceanic in *custodia legis*. The Sandiganbayan ordered PCGG to "convey or transmit to this Court such [Oceanic] Cash dividends together with the accrued interest thereto, if any, for immediate placement in custodial legis."^[23]

PCGG filed before the Court a petition for review on certiorari under Rule 45 of the Rules of Court, challenging the Sandiganbayan's 25 April 1994 Decision. In *Presidential Commission on Good Government v. Sandiganbayan*,^[24] the Court

affirmed the Sandiganbayan's Decision. The Court held that:

We find the writ of sequestration issued against [Oceanic] not valid because the suit in Civil Case No. 0009 against Manuel H. Nieto and Jose L. Africa as shareholders in [Oceanic] is not a suit against [Oceanic]. This Court has held that "failure to implead these corporations as defendants and merely annexing a list of such corporations to the complaints is a violation of their right to due process for it would in effect be disregarding their distinct and separate personality without a hearing."

Furthermore, PCGG issued the writs of sequestration on August 3, 1988, which was beyond the period set by the Constitution.

x x x x

The sequestration orders issued against respondents shall be deemed automatically lifted due to the failure of PCGG to commence the proper judicial action or to implead the respondents therein within the period prescribed by Article XVIII, Section 26 of the 1987 Constitution.

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WHEREFORE, the petitions are hereby *DENIED*. The decision and resolution of the Sandiganbayan are hereby *AFFIRMED*.^[25]

PCGG filed a motion for reconsideration, which was denied by the Court. *Presidential Commission* became final and executory and was entered in the Book of Entries of Judgments on 19 February 2003.

On 10 April 2003, Victor filed before the Sandiganbayan a motion^[26] for issuance of writ of execution to implement the 25 April 1994 Decision. On 15 April 2003, Nieto, Jr., Aerocom, Silangan, Jose, and Oceanic filed a motion adopting Victor's motion for issuance of writ of execution. On 30 September 2003, the Sandiganbayan issued the writ, which was implemented.

Silangan filed before the Sandiganbayan an omnibus motion,^[27] dated 6 February 2004, praying for the release of its cash dividends, with interest, declared by Oceanic:

WHEREFORE, it is respectfully prayed of this Honorable Court that an order be issued as follows:

x x x x

2) DIRECTING the release in favor of, and payment to **SILANGAN** of the cash dividends declared by [Oceanic], including the interests thereof, and deposited/placed in escrow by authority of this Honorable Court with the