

SECOND DIVISION

[G.R. NO. 129406, March 06, 2006]

**REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE
PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG),
PETITIONER, VS. SANDIGANBAYAN (SECOND DIVISION) AND
ROBERTO S. BENEDICTO, RESPONDENTS**

D E C I S I O N

GARCIA, J.:

Before the Court is this petition for *certiorari* under Rule 65 of the Rules of Court to nullify and set aside the March 28, 1995^[1] and March 13, 1997^[2] Resolutions of the Sandiganbayan, Second Division, in *Civil Case No. 0034*, insofar as said resolutions ordered the Presidential Commission on Good Government (PCGG) to pay private respondent Roberto S. Benedicto or his corporations the value of 227 shares of stock of the Negros Occidental Golf and Country Club, Inc. (NOGCCI) at P150,000.00 per share, registered in the name of said private respondent or his corporations.

The facts:

Civil Case No. 0034 entitled *Republic of the Philippines, plaintiff, v. Roberto S. Benedicto, et al.*, defendants, is a complaint for reconveyance, reversion, accounting, reconstitution and damages. The case is one of several suits involving ill-gotten or unexplained wealth that petitioner Republic, through the PCGG, filed with the Sandiganbayan against private respondent Roberto S. Benedicto and others pursuant to Executive Order (EO) No. 14,^[3] series of 1986.

Pursuant to its mandate under EO No. 1,^[4] series of 1986, the PCGG issued writs placing under sequestration all business enterprises, entities and other properties, real and personal, owned or registered in the name of private respondent Benedicto, or of corporations in which he appeared to have controlling or majority interest. Among the properties thus sequestered and taken over by PCGG fiscal agents were the 227 shares in NOGCCI owned by private respondent Benedicto and registered in his name or under the names of corporations he owned or controlled.

Following the sequestration process, PCGG representatives sat as members of the Board of Directors of NOGCCI, which passed, sometime in October 1986, a resolution effecting a corporate policy change. The change consisted of assessing a **monthly membership due** of P150.00 for each NOGCCI share. Prior to this resolution, an investor purchasing more than one NOGCCI share was exempt from paying monthly membership due for the second and subsequent shares that he/she owned.

Subsequently, on March 29, 1987, the NOGCCI Board passed another resolution,

this time increasing the monthly membership due from P150.00 to P250.00 for each share.

As sequestrator of the 227 shares of stock in question, PCGG did not pay the corresponding monthly membership due thereon totaling P2,959,471.00. On account thereof, the 227 sequestered shares were declared delinquent to be disposed of in an auction sale.

Apprised of the above development and evidently to prevent the projected auction sale of the same shares, PCGG filed a complaint for injunction with the Regional Trial Court (RTC) of Bacolod City, thereat docketed as Civil Case No. 5348. The complaint, however, was dismissed, paving the way for the auction sale for the delinquent 227 shares of stock. On August 5, 1989, an auction sale was conducted.

On November 3, 1990, petitioner Republic and private respondent Benedicto entered into a **Compromise Agreement** in *Civil Case No. 0034*. The agreement contained a general release clause^[5] whereunder petitioner Republic agreed and bound itself to lift the sequestration on the 227 NOGCCI shares, among other Benedicto's properties, petitioner Republic acknowledging that it was within private respondent Benedicto's capacity to acquire the same shares out of his income from business and the exercise of his profession.^[6] Implied in this undertaking is the recognition by petitioner Republic that the subject shares of stock could not have been ill-gotten.

In a decision dated October 2, 1992, the Sandiganbayan approved the Compromise Agreement and accordingly rendered judgment in accordance with its terms.

In the process of implementing the Compromise Agreement, either of the parties would, from time to time, move for a ruling by the Sandiganbayan on the proper manner of implementing or interpreting a specific provision therein.

On February 22, 1994, Benedicto filed in *Civil Case No. 0034* a "*Motion for Release from Sequestration and Return of Sequestered Shares/Dividends*" praying, *inter alia*, that his NOGCCI shares of stock be specifically released from sequestration and returned, delivered or paid to him as part of the parties' Compromise Agreement in that case. In a Resolution^[7] promulgated on December 6, 1994, the Sandiganbayan granted Benedicto's aforementioned motion but placed the subject shares under the custody of its Clerk of Court, thus:

WHEREFORE, in the light of the foregoing, the said "Motion for Release From Sequestration and Return of Sequestered Shares/Dividends" is hereby GRANTED and it is directed that said shares/dividends be delivered/placed under the custody of the Clerk of Court, Sandiganbayan, Manila subject to this Court's disposition.

On March 28, 1995, the Sandiganbayan came out with the herein **first assailed Resolution**,^[8] which clarified its aforementioned December 6, 1994 Resolution and directed the immediate implementation thereof by requiring PCGG, among other things:

(b) To deliver to the Clerk of Court the 227 sequestered shares of [NOGCCI] registered in the name of nominees of ROBERTO S.

BENEDICTO free from all liens and encumbrances, **or in default thereof, to pay their value at P150,000.00 per share** which can be deducted from [the Republic's] cash share in the Compromise Agreement. [Words in bracket added] (Emphasis Supplied).

Owing to PCGG's failure to comply with the above directive, Benedicto filed in *Civil Case No. 0034 a Motion for Compliance* dated July 25, 1995, followed by an *Ex-Parte Motion for Early Resolution* dated February 12, 1996. Acting thereon, the Sandiganbayan promulgated yet another Resolution^[9] on February 23, 1996, dispositively reading:

WHEREFORE, finding merit in the instant motion for early resolution and considering that, indeed, the PCGG has not shown any justifiable ground as to why it has not complied with its obligation as set forth in the Order of December 6, 1994 up to this date and which Order was issued pursuant to the Compromise Agreement and has already become final and executory, accordingly, the Presidential Commission on Good Government is hereby given a final extension of fifteen (15) days from receipt hereof within which to comply with the Order of December 6, 1994 as stated hereinabove.

On April 1, 1996, PCGG filed a *Manifestation with Motion for Reconsideration*,^[10] praying for the setting aside of the Resolution of February 23, 1996. On April 11, 1996, private respondent Benedicto filed a *Motion to Enforce Judgment Levy*. Resolving these two motions, the Sandiganbayan, in its **second assailed Resolution** ^[11] dated March 13, 1997, denied that portion of the PCGG's *Manifestation with Motion for Reconsideration* concerning the subject 227 NOGCCI shares and granted Benedicto's *Motion to Enforce Judgment Levy*.

Hence, the Republic's present recourse on the sole issue of whether or not the public respondent Sandiganbayan, Second Division, gravely abused its discretion in holding that the PCGG is at fault for not paying the membership dues on the 227 sequestered NOGCCI shares of stock, a failing which eventually led to the foreclosure sale thereof.

The petition lacks merit.

To begin with, PCGG itself does not dispute its being considered as a receiver insofar as the sequestered 227 NOGCCI shares of stock are concerned.^[12] PCGG also acknowledges that as such receiver, one of its functions is to pay outstanding debts pertaining to the sequestered entity or property,^[13] in this case the 227 NOGCCI shares in question. It contends, however, that membership dues owing to a golf club cannot be considered as an outstanding debt for which PCGG, as receiver, must pay. It also claims to have exercised due diligence to prevent the loss through delinquency sale of the subject NOGCCI shares, specifically inviting attention to the injunctive suit, *i.e.*, Civil Case No. 5348, it filed before the RTC of Bacolod City to enjoin the foreclosure sale of the shares.

The filing of the injunction complaint adverted to, without more, cannot plausibly tilt the balance in favor of PCGG. To the mind of the Court, such filing is a case of acting too little and too late. It cannot be over-emphasized that it behooved the PCGG's fiscal agents to preserve, like a responsible father of the family, the value of the