

## SECOND DIVISION

[ G.R. NO. 156383, July 31, 2006 ]

**VICENTE B. CHUIDIAN, PETITIONER, VS. SANDIGANBAYAN  
(FIFTH DIVISION) AND THE REPUBLIC OF THE PHILIPPINES,  
RESPONDENTS.**

[G.R. NO. 160723]

**PHILIPPINE NATIONAL BANK, PETITIONER, VS.  
SANDIGANBAYAN, EDGARDO A. URIETA IN HIS OFFICIAL  
CAPACITY AS SB CHIEF JUDICIAL STAFF OFFICER, VICENTE B.  
CHUIDIAN, THE REPUBLIC OF THE PHILIPPINES REPRESENTED  
BY THE DEPARTMENT OF FINANCE AND PRESIDENTIAL  
COMMISSION ON GOOD GOVERNMENT AND THE TRADE &  
INVESTMENT DEVELOPMENT CORPORATION, RESPONDENTS.**

### D E C I S I O N

**GARCIA, J.:**

Before the Court are these two petitions for certiorari under Rule 65 of the Rules of Court to nullify and set aside certain issuances of the Sandiganbayan, Fifth Division, in *Civil Case No. 0027*, a suit for recovery of alleged ill-gotten wealth thereat instituted in behalf of the Republic of the Philippines by the Presidential Commission on Good Government, against then President Ferdinand E. Marcos, *et al.*

In the first petition, docketed as **G.R. No. 156383**, petitioner Vicente B. Chuidian assails the **Resolution dated October 8, 2002**<sup>[1]</sup> of the Sandiganbayan insofar as it denied his *Motion for Writ of Execution* of the Decision of this Court dated January 19, 2001 in *G.R. No. 139941* entitled "*Vicente B. Chuidian v. Sandiganbayan (5<sup>th</sup> Division), et al.*"<sup>[2]</sup> In the second, docketed as **G.R. No. 160723**, petitioner Philippine National Bank (PNB) impugns the **Resolution dated October 30, 2003**<sup>[3]</sup> of the Sandiganbayan denying its plea for release from compliance with its earlier *order of July 10, 2003, infra*.

Per its Resolution of March 15, 2004,<sup>[4]</sup> the Court ordered the consolidation of these two petitions.

At the heart of these proceedings is Letter of Credit (L/C) No. SFD-005-85 - also denominated as SSD-005-85 in some pleadings and other relevant documents - issued by PNB in favor of Vicente B. Chuidian to cover the balance of what Philippine Export & Foreign Loan Guarantee Corporation (PHILGUARANTEE), now Trade & Investment Development Corporation (TIDCORP), undertook to pay Chuidian pursuant to a compromise agreement entered into in the United States.

The factual antecedents which gave rise to these consolidated petitions are set forth in the Court's Decision of January 19, 2001 in **G.R. No. 139941**, to wit:

The instant petition of [Vicente B. Chuidian] arises from transactions that were entered into by the government in the penultimate days of the Marcos administration. xxx. As a favored business associate of the Marcoses, Chuidian allegedly ... induce[d] ... the officers of... (PHILGUARANTEE) [sometime in 1980] ... to facilitate the ... issuance of a loan guarantee in favor of the Asian Reliability Company, Incorporated (ARCI) .... ARCI, 98% of which was allegedly owned by Chuidian, was granted a loan guarantee of ... (US\$25,000,000.00).

xxx. Although ARCI had received the proceeds of the loan ..., [it] defaulted in the payments thereof, compelling Philguarantee to undertake payments for the same. Consequently, ... Philguarantee sued Chuidian before the Santa Clara County Superior Court, charging that ... Chuidian ... misused the funds ....

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On November 27, 1985, ..., Philguarantee entered into a **compromise agreement** with Chuidian whereby ... Chuidian shall assign and surrender title to all his companies in favor of the Philippine government. In return, Philguarantee shall absolve Chuidian from all civil and criminal liability, ... concerning [his] defaulted loans.

It was further stipulated that ... the Philippine government shall pay Chuidian the amount of Five Million Three Hundred Thousand Dollars (US\$5,300,000.00). Initial payment of ... (US\$500,000.00) was actually received by Chuidian, as well as succeeding payment of ... (US\$200,000.00). The **remaining balance of ... (US\$4,600,000.00)** was to be paid through an irrevocable Letter of Credit (L/C) from which Chuidian would draw ... (US\$100,000.00) monthly. Accordingly, on December 12, 1985, **L/C No. SSD-005-85 was issued** for the said amount **by the ... (PNB)**. Subsequently, Chuidian was able to make two (2) monthly drawings ....

With the advent of the Aquino administration, the ... (PCGG) exerted earnest efforts to search and recover [illegally acquired] money, ... and other assets ....

Petitioner Chuidian was among those whose assets were sequestered .... On May 30, 1986, the PCGG issued a Sequestration Order directing the PNB to place under its custody, for and in behalf of the PCGG, the irrevocable L/C (No. SFD-005-85) ....

In the meantime, Philguarantee filed a motion before the Superior Court of Santa Clara County of California in Civil Case Nos. 557867 and 577697 seeking [but eventually failing] to vacate the stipulated judgment containing the settlement between Philguarantee and Chuidian ... xxx.

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Meanwhile, on February 27, 1987, a **Deed of Transfer** was executed between [the Republic thru] then Secretary of Finance Jaime V. Ongpin and then PNB President Edgardo B. Espiritu, to facilitate the rehabilitation of PNB, .... The said Deed ... provided for the transfer to the government of certain assets of PNB in exchange for which the government would assume certain liabilities of PNB. Among those liabilities ... assumed were ... [L/C] SSD-005-85 listed under Dynetics, [Inc.] in favor of Chuidian in the amount of ... (US\$4,400,000.00).

On July 30, 1987, the government filed before the Sandiganbayan **Civil Case No. 0027** against the Marcos spouses ... Chuidian [et al.] ... [for] ... the reconveyance, ... and restitution of all forms of wealth allegedly procured illegally and stashed away by the defendants.

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While the case was pending, .... the Republic .... filed a motion for [and eventually secured an order for the] issuance of a writ of attachment over ... L/C [No. SSD-005-85] ....

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Accordingly, an order of attachment was issued ... on July 19, 1993, ordering the Sandiganbayan Sheriff to attach PNB L/C No. SSD-005-85 for safekeeping . . . as security for the satisfaction of judgment in Sandiganbayan Civil Case No. 0027.

On August 11, 1997, ... Chuidian filed a motion to lift the attachment . . .

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Subsequently, on August 20, 1997, Chuidian filed a motion to require the Republic to deposit the [dormant] L/C in an interest bearing account. xxx he proposed that it would be to the benefit of all if the Sandiganbayan requires PNB to deposit the full amount to a Sandiganbayan trust account at any bank in order to earn interest while awaiting judgment of the action.

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In a **Resolution** promulgated on **November 13, 1998**, the Sandiganbayan **denied Chuidian's motion to lift attachment**.

On the same day, the Sandiganbayan issued another Resolution denying Chuidian's motion to require deposit of the attached L/C in an interest bearing account.

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On **July 13, 1999**, the Sandiganbayan [acting on Chuidian's motion for reconsideration] **gave due course to Chuidian's plea for the**

**attached L/C to be deposited in an interest bearing account,** on the ground that it will redound to the benefit of both parties.

The Sandiganbayan declared the national government as the principal obligor of the L/C even though the liability remained in the books of the PNB for accounting and monitoring purposes.

The Sandiganbayan, however, denied Chuidian's motion for reconsideration of the denial of his motion to lift attachment .... (Emphasis and words in bracket added.)

The Sandiganbayan's refusal to reconsider its denial of Chuidian's motion to lift attachment would be assailed in a special civil action for certiorari that would be docketed as *G.R. No. 139941*.

On **January 19, 2001**, in *G.R. No. 139941*, the Court, on the issue of whether or not the Sandiganbayan's refusal to lift the attachment effected on L/C No. SFD-005-85 (numbered, as indicated earlier, as SSD-005-85 in other parts of the Decision and other pleadings) amounted to grave abuse of discretion, rendered judgment (hereinafter the *January 19, 2001 Decision*) against Chuidian. The dispositive portion of the Decision reads in full as follows:

WHEREFORE, in view of all the foregoing, the petition is DISMISSED. The Resolutions of the Sandiganbayan dated November 6, 1998 and July 2, 1999<sup>[5]</sup> are AFFIRMED. The PNB is DIRECTED to remit to the Sandiganbayan the proceeds of Letter of Credit No. SFD-005-85 in the amount of U.S.\$4.4 million within fifteen (15) days from notice hereof, the same to be placed under special time deposit with the Land Bank of the Philippines, for the account of the Sandiganbayan in escrow for the person or persons, natural or juridical, who shall eventually be adjudged lawfully entitled thereto, the same to earn interest at the current legal bank rates. The principal and its interest shall remain in said account until ordered released by the Court in accordance with law.

In the same decision, however, the Court declared that the "*Sandiganbayan erred in relieving PNB of its liability as the original debtor*" of the L/C in question, for the reason that "*until such time that the government is able to successfully prove that [Chuidian] has no right to claim the proceeds of the L/C, he is deemed to be the lawful payee-beneficiary of said L/C for which any substitution of debtor requires his consent.*"

On July 19, 2001, the January 19, 2001 Decision was entered in the Book of Entries of Judgments of this Court.<sup>[6]</sup> The following relevant incidents then transpired:

1. On November 29, 2001, Chuidian filed a *Motion for Writ of Execution*<sup>[7]</sup> of the Court's January 19, 2001 Decision in *G.R. No. 139941* to compel PNB to deposit the proceeds of L/C No. SFD-005-85 in an interest-bearing account. To this motion, PNB filed an opposition<sup>[8]</sup> on the ground of supervening event, *i.e.*, the execution of the Republic-PNB Deed of Transfer. An exchange of pleadings followed.

On **October 8, 2002**, the Sandiganbayan issued a **Resolution**<sup>[9]</sup> the *fallo* of which pertinently reads:

WHEREFORE, Chuidian's Motion for Writ of Execution is DENIED. However, pursuant to the decision of the Supreme Court, the PNB is DIRECTED to remit to the Sandiganbayan the proceeds of [L/C] No. SFD-005-85 in the amount of U.S.\$4.4 million within fifteen (15) days from notice hereof, the same to be placed under special time deposit with the Land Bank of the Philippines, for the account of Sandiganbayan in escrow for the person or persons, natural or juridical, who shall eventually be adjudged lawfully entitled thereto, the same to earn interest at the current legal bank rates. xxx.

2. Subsequently, Chuidian came to the Court on a petition for certiorari, docketed as **G.R. No. 156383**, assailing the Sandiganbayan's October 8, 2002 Resolution, *supra*, but insofar only as it denied his *Motion for Writ of Execution*. On February 26, 2003, the Court **dismissed the petition**, via a minute resolution.<sup>[10]</sup>
3. Therefrom, Chuidian filed a *Motion for Reconsideration* dated April 7, 2003,<sup>[11]</sup> drawing the Court's attention to the fact that "*in so far as to the question of whether or not the amount of 4.4 million Dollars should be deposited into the Land Bank (into an interest bearing account), that question has been decided with finality by the Supreme Court.*"

On April 30, 2003, the Court denied with finality the above motion for reconsideration.<sup>[12]</sup> Chuidian then filed an *Omnibus Motion for Leave to File Second Motion for Reconsideration & To Refer Case to the Court En Banc*,<sup>[13]</sup> attaching thereto his Second Motion for Reconsideration.

On January 14, 2004, the Court denied the above omnibus motion.<sup>[14]</sup>

4. On February 26, 2004, Chuidian moved for reconsideration of the January 14, 2004 Resolution, therein stating that a favorable action on this motion - which in effect would be to grant a second motion for reconsideration - is in the interest of upholding the power and integrity of the Court whose Orders PNB has totally ignored.

Meanwhile, or on November 28, 2002, Chuidian initiated another motion before the Sandiganbayan for it to enforce its **October 8, 2002** resolution<sup>[15]</sup> and to cite PNB for contempt. In an Order promulgated on **July 10, 2003**,<sup>[16]</sup> the Sandiganbayan dismissed the contempt angle of the motion, but, in a virtual repeat of its earlier resolution, again directed PNB to remit to the Sandiganbayan the proceeds of L/C No. SFD-005-85 in the amount and within the period indicated therein.

Subsequent developments saw PNB thrice asking for additional time within which to comply, followed by its filing of a *MANIFESTATION IN LIEU OF COMPLIANCE* therein stating that, from the on-going negotiations with TIDCORP (formerly PHILGUARANTEE), it discovered that petitioner Chuidian had, in 1991, filed a voluntary petition for bankruptcy in California and that L/C No. SFD-005-85 was included in his scheduled assets; that the trustee of the estate of Chuidian sold the