

THIRD DIVISION

[G.R. No. 157438, October 18, 2004]

HEIRS OF GREGORIO LICAROS; NAMELY, CONCEPCION B. LICAROS AND ABELARDO B. LICAROS, PETITIONERS, VS. SANDIGANBAYAN AND REPUBLIC OF THE PHILIPPINES, RESPONDENTS.

DECISION

PANGANIBAN, J.:

Basic is the rule that only the allegations of a complaint may be used to determine whether a cause of action is being pleaded. Whether these are true or false is unimportant at this point. The test is, assuming the allegations to be true, can a valid judgment, as prayed for by the plaintiff, be rendered by the court? If so, then the complaint states a cause of action.

In the present case, the Second Amended Complaint contains sufficient allegations to implicate Gregorio S. Licaros in an alleged conspiracy to accumulate ill-gotten wealth. The contentions that his acts were done in good faith, or by the Monetary Board are matters of defense that cannot abate the Complaint upon a motion to dismiss.

The Case

Before the Court is a Petition for Certiorari^[1] under Rule 65 of the Rules of Court, seeking to nullify the August 13, 2002^[2] and the February 6, 2003^[3] Resolutions of the Sandiganbayan in Civil Case No. 0005. The decretal portion of the first assailed Resolution reads:

“WHEREFORE, for lack of merit, the motion to dismiss is hereby DENIED.”

^[4]

The second challenged Resolution denied petitioners’ Motion for Reconsideration.

The Facts

Gregorio S. Licaros, petitioners’ predecessor-in-interest, served as governor of the Central Bank of the Philippines from 1970 to 1980, during the incumbency of then President Ferdinand E. Marcos. He died on August 3, 1983.

On July 17, 1987, the Republic of the Philippines -- through the Presidential Commission on Good Government (PCGG), assisted by the Office of the Solicitor General (OSG) -- filed a Complaint for reversion, reconveyance, restitution, accounting and damages against former President Marcos and his alleged crony,

Lucio C. Tan. The Complaint, docketed as Sandiganbayan Case No. 0005, summed up the nature of the action as follows:

"x x x. This is a civil action against Defendants Lucio C. Tan, Ferdinand E. Marcos, Imelda R. Marcos and the rest of the Defendants to recover from them ill-gotten wealth consisting of funds and other property which they, in unlawful concert with one another, had acquired and accumulated in flagrant breach of trust and of their fiduciary obligations as public officers, with grave abuse of right and power and in brazen violation of the Constitution and laws of the Republic of the Philippines, thus resulting in their unjust enrichment during Defendant Ferdinand E. Marcos' 20 years of rule from December 30, 1965 to February 25, 1986, first as President of the Philippines under the 1935 Constitution and, thereafter, as one-man ruler under martial law and Dictator under the 1973 Marcos-promulgated Constitution."^[5]

Aside from the main defendants (Marcos, his wife Imelda R. Marcos, and Tan), twenty-three other persons -- who had purportedly acted as their dummies, nominees or agents -- were likewise impleaded in the Complaint. It alleged, among others, that Tan -- with the connivance of some government officials, including Central Bank Governor Gregorio S. Licaros -- had fraudulently acquired the assets of the General Bank and Trust Company (GBTC), now known as the Allied Bank. A pertinent portion of the Complaint reads thus:

"SPECIFIC AVERMENTS OF
DEFENDANTS' ILLEGAL ACTS

"13. Defendant Lucio C. Tan, by himself and/or in unlawful concert with Defendants Ferdinand E. Marcos and Imelda R. Marcos, and taking undue advantage of his relationship and influence with Defendant spouses, among others:

(a) without sufficient collateral and for a nominal consideration, with the active collaboration, knowledge and willing participation of Defendant Willy Co, arbitrarily and fraudulently acquired control of the General Bank and Trust Company which eventually became Allied Banking Corporation, through then **Central Bank Governor Gregorio Licaros** x x x."^[6] (Emphasis supplied)

Despite the allegation, Licaros was not impleaded in this Complaint or in the subsequent Expanded Complaint.

On September 13, 1991, four years after the filing of the original action,^[7] the Republic filed a Motion for Leave to Amend Complaint and for Admission of a Second Amended Complaint, which impleaded the Estate/Heirs of Licaros for the first time. The Amended Complaint, reiterating earlier allegations in the Expanded Complaint, detailed Licaros' participation in the alleged unholy conspiracy as follows:

"THE PARTIES

"5a. Former Central Bank Governor Licaros, now deceased, had facilitated the fraudulent acquisition of the assets of General Bank and

Trust Company (GBTC) worth over P688 Million at that time, to favor the Marcoses and the Lucio Tan Group who acquired said GBTC's assets for a measly sum of P500,000.00. Hence, his Estate represented by his heirs must be impleaded as a party defendant for the purpose of obtaining complete relief. The said heirs may be served with summons and other court processes at Home Bankers Trust, 105 Paseo de Roxas, Makati, Metro Manila.

x x x x x x x x

"SPECIFIC AVERMENTS OF DEFENDANTS'
ILLEGAL ACTS

"14. Defendant Lucio C. Tan, by himself and/or in unlawful concert with Defendants Ferdinand E. Marcos and Imelda R. Marcos, taking undue advantage of his relationship and influence with Defendant spouses, and embarking upon devices, schemes and strat[a]gems, including the use of Defendant Corporations, among others:

(a) without sufficient collateral and for a nominal consideration, with the active collaboration, knowledge and willing participation of Defendant Willy Co, arbitrarily and fraudulently acquired control of the General Bank and Trust Company (GBTC) which eventually became Allied Banking Corporation. Through the manipulation of then Central Bank Governor Gregorio Licaros and of then President Panfilo O. Domingo of the Philippine National Bank (PNB), as shown by, but not limited to the following circumstances:

(1) In 1976, the General Bank and Trust Company, (GBTC for short) got into financial difficulties. The Central Bank then extended an emergency loan to GBTC reaching a total of P310 million. In extending this loan, the CB, however, took control of GBTC when the latter executed an irrevocable Proxy of 2/3 of GBTC's outstanding shares in favor of the CB and 7 of the 11-member Board of Directors were CB nominees. Subsequently, on March 25, 1977, the Monetary Board of CB issued a Resolution declaring GBTC insolvent, forbidding it to do business and placing it under receivership.

(2) In the meantime, a public bidding for the sale of GBTC assets and liabilities was scheduled at 7:00 P.M. on March 28, 1977. Among the conditions of the bidding were: (a) submission by the bidder of Letter of Credit issued by a bank acceptable to CB to guaranty payment or as collateral of the CB emergency loan; and (b) a 2-year period to repay the said CB emergency loan. On March 29, 1977, CB thru a Monetary Board Resolution, approved the bid of the group of Lucio

Tan and Willy Co. This bid, among other things, offered to pay only P500,000.00 for GBTC assets estimated at P688,201,301; Capital Accounts of P103,984,477.55; Cash of P25,698,473.00; and the takeover of the GBTC Head Office and branch offices. The required Letter of Credit was not also attached to the bid. What was attached to the bid was a letter of Defendant Panfilo O. Domingo as PNB President promising to open an irrevocable letter of credit to secure the advances of the Central Bank in the amount of P310 Million. Without this letter of commitment, the Lucio Tan bid would have not been approved. But such letter of commitment was a fraud because it was not meant to be fulfilled. Defendants Ferdinand E. Marcos, Gregorio Licaros and Panfilo O. Domingo conspired together in giving the Lucio Tan group undue favors such as the doing away with the required irrevocable letter of credit, the extension of the term of payment from two years to five years, the approval of the second mortgage as collateral for the Central Bank advances which was deficient by more than P90 Million, and other concessions to the great prejudice of the government and of the GBTC stockholders.”^[8]

The Amended Complaint restated the same causes of action originally appearing in the initial Complaint: (1) abuse of right and power in violation of Articles 19, 20 and 21 of the Civil Code; (2) unjust enrichment; (3) breach of public trust; (4) accounting of all legal or beneficial interests in funds, properties and assets in excess of lawful earnings and income; and (5) actual, moral, temperate, nominal and exemplary damages.

On September 3, 2001, the heirs of Licaros filed a Motion to Dismiss the Complaint. Essentially, it raised the following grounds therefor: (1) lack of cause of action and (2) prescription. On October 12, 2001, the Republic filed its Opposition to the Motion.

Ruling of the Sandiganbayan

The Sandiganbayan held that the averments in the Second Amended Complaint had sufficiently established a cause of action against former Central Bank Governor Licaros. Ruled untenable was the argument of petitioners that he could not be held personally liable, because the GBTC assets had been acquired by Tan through a public bidding duly approved by the Monetary Board. According to the anti-graft court, this argument was a matter of defense that could not be resorted to in a motion to dismiss, and that did not constitute a valid ground for dismissal.

It was immaterial that Licaros was not a business associate of the main defendants; and not an officer, a director, or a stockholder of any of the defendant corporations. The paramount issue hinged on his acts as Central Bank governor, particularly his participation in an allegedly illegal conspiracy with Marcos and Domingo to give

undue advantage to Tan's bid for the GBTC assets.

The Sandiganbayan also brushed aside the claim of petitioners that the action against Licaros had already prescribed. It pointed to Section 15 of Article XI of the 1987 Constitution, which mandated that "[t]he right of the State to recover properties unlawfully acquired by public officials or employees, from them or from their nominees or transferees, shall not be barred by prescription, laches or estoppel."

Hence, this Petition.^[9]

Issues

In their Memorandum, petitioners raise the following issues^[10] for our consideration:

"A.

Whether or not the Second Amended Complaint states a cause of action against petitioners.

"B.

Whether or not the Second Amended Complaint is barred by prescription and laches.

"C.

Whether or not Respondent Court has jurisdiction to determine the validity of the liquidation of General Bank and Trust Company (GENBANK or GBTC) and its acquisition by the Lucio Tan group and the consequent culpability of the late Central Bank Governor Licaros in view of the pendency of the issues in G.R. No. 152551 (General Bank and Trust Co. versus Central Bank of the Philippines, et. al.)."^[11]

The Court's Ruling

The Petition has no merit.

First Issue: **Cause of Action**

A cause of action exists if the following elements are present: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect and not to violate that right; and (3) an act or omission constituting a breach of obligation of the defendant to the plaintiff or violating the right of the plaintiff, for which the latter may maintain an action for recovery of damages.^[12]

The allegations in the Second Amended Complaint clearly and unequivocally outlines its cause of action against Defendant Licaros as follows: