

FIRST DIVISION

[G.R. No. 119292, July 31, 1998]

**REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE
PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,
PETITIONER, VS. SANDIGANBAYAN, IMELDA COJUANGCO, THE
ESTATE OF RAMON COJUANGCO REPRESENTED BY IMELDA
COJUANGCO, AND PRIME HOLDINGS, INC., RESPONDENTS.**

D E C I S I O N

PANGANIBAN, J.:

Should a sequestration order be deemed invalid and “automatically lifted” on the grounds that (1) it was signed by only one PCGG Commissioner in contravention of the Presidential Commission on Good Government Rules and Regulations (“PCGG Rules” or simply “Rules”) requiring the authority of at least two commissioners; and in any event, (2) the PCGG failed, within the prescribed period, to institute or to implead or include private respondents in the proper judicial action, as required by the 1987 Constitution?

The Case

The Sandiganbayan answered the foregoing question in the affirmative in two Resolutions^[1] dated December 17, 1993,^[2] and August 29, 1994.^[3] Declared “automatically lifted” in the earlier Resolution were the writs of sequestration that the PCGG had issued (a) against Prime Holdings, Inc. (PHI) and (b) over 111,415 shares of stock of the Philippine Telecommunications Investment Corporation (PTIC) registered in the name of PHI. The later Resolution denied the motion for reconsideration filed by the PCGG.

Disagreeing with the above rulings, the PCGG filed the instant petition for certiorari before us, imputing grave abuse of discretion on the part of the anti-graft court.

The Facts

The petition alleges that the PCGG issued the following communications, all dated May 9, 1986: (1) an Order of Sequestration^[4] directed against all properties, assets, records and documents of PHI; (2) another Order^[5] sequestering 111,415 shares of stock of PTIC registered in the books of PTIC in the name of PHI; and (3) a letter^[6] addressed to Siguion Reyna, Montecillo & Ongsiako, advising the said law firm that the PCGG, in its session on May 2, 1986, resolved inter alia “[t]o order the sequestration of all the shareholdings of PRIME HOLDINGS, INC. (PHI), which owns approximately 46% of PHILIPPINE TELECOMMUNICATIONS INVESTMENT

CORPORATION (PTIC), which in turn owns approximately 26% of PLDT [Philippine Long Distance Telephone Company]." The two Orders were signed solely by the late PCGG Commissioner Mary Concepcion Bautista, while the letter was signed by both Commissioner Bautista and then PCGG Commissioner Raul Daza.

On July 16, 1987, petitioner filed before the Sandiganbayan a Complaint for reconveyance, reversion, accounting, restitution and damages against Spouses Ferdinand and Imelda Marcos, Spouses Imelda (Imee) and Tomas Manotoc, Spouses Irene and Gregorio Ma. Araneta III, Ferdinand R. Marcos Jr., Constante Rubio, Nemesio G. Co, Yeung Chun Kam, Yeung Chun Ho and Yeung Chun Fan. Said Complaint, docketed as Civil Case No. 0002, principally sought to recover from defendants their alleged ill-gotten wealth, consisting of funds and property which were manifestly out of proportion to their salaries and other lawful income, having been allegedly acquired during the incumbency of the Spouses Marcos as public officers. Among such properties mentioned in the Complaint were shares of stock in various corporations, including PTIC and PLDT, a list of which was annexed to the Complaint.

An amended Complaint^[7] filed on April 23, 1990, included in Civil Case No. 0002 as additional parties-defendants herein Private Respondents Imelda Cojuangco, the estate of Ramon Cojuangco represented by its administratrix Imelda Cojuangco, and Prime Holdings, Inc. The amended complaint further alleged inter alia that these new defendants held shares of stock in PLDT, which "in truth and in fact belong to defendants Ferdinand Marcos and his family."

Three years later, on May 4, 1993, private respondents filed in Civil Case No. 0002 a Motion^[8] seeking to declare the order of sequestration against PHI automatically lifted. In support of their Motion, private respondents cited (1) the non-observance by PCGG of its own rules and regulations requiring the authority of at least two commissioners for the issuance of sequestration orders; and (2) the failure of PCGG to file the appropriate judicial action within the period prescribed under Section 26, ^[9] Article XVIII of the 1987 Constitution, or "not later than 2 August 1987," since the sequestration order was issued on May 9, 1986, which was "a date before the ratification of the Philippine Constitution on 2 February 1987."

On December 20, 1993, the first assailed Resolution of public respondent, which granted the above-mentioned Motion, was promulgated. The sequestration orders against PHI and its shares of stock in PTIC were declared "automatically lifted" by the Sandiganbayan, which upheld the movants' contentions in this wise:

"WHEREFORE, the Order of Sequestration dated May 9, 1986 directed (against) defendant Prime Holdings, Inc. and the Order dated May 9, 1986 sequestering 111,415 shares of stocks of Philippine Telecommunications Investment Corporation registered in the name of Prime Holdings, Inc. are hereby declared automatically lifted pursuant to Section 26 of Article XVIII of the 1987 Philippines Constitution."^[10]

Expectedly, PCGG filed a Motion for Reconsideration.^[11] Noting that petitioner raised no new issue or matter that might materially affect its findings in its previous Resolution, public respondent denied said Motion "for lack of merit."^[12] Hence, the

present recourse.^[13]

The Issues

Petitioner PCGG charges Respondent Sandiganbayan with "grave abuse of discretion and act[ing] without jurisdiction," viz.:

"I. In declaring the writs of sequestration as defective for not being authorized by at least two commissioners pursuant to Section 3 of the PCGG Rules and Regulations.

II. In declaring the writs of sequestration to have been automatically lifted for alleged failure of petitioner to file the proper judicial action against private respondent corporation within the period fixed in Section 26 of Article XVIII of the 1987 Constitution.

III. In applying the rulings in PCGG vs. International Copra Export Corp. (G.R. No. 92755, July 26, 1991) and Republic vs. Sandiganbayan (200 SCRA 530 ^[1991]) that the filing by petitioner of the judicial action against a stockholder is not the judicial action contemplated by the Constitution.

IV. By misinterpreting or misapplying the ruling in *Filmerco vs. IAC* (149 SCRA 193 ^[1987]) as said ruling, being a mere obiter dictum, had not overturned the application of the doctrine of 'piercing the veil of corporate fiction' as held in a long line of decisions by this Honorable Court."^[14]

Simply stated, the principal issues being raised by petitioner are: (1) the validity of the sequestration orders against PHI and PHI-held shares in PTIC; and (2) the alleged failure of PCGG to file the proper judicial action as contemplated under Section 26, Article XVIII of the 1987 Constitution.

Before this Court, private respondents initially filed a motion^[15] to dismiss the petition on the ground of laches, the petition having been filed only after six and a half months from petitioner's receipt of the public respondent's denial of its Motion for Reconsideration. They assert that this interval of time was clearly beyond the "reasonable period" allowed under Rule 65 for filing a petition for certiorari.^[16] Prior to the amendment of the Rules of Court on July 1, 1997, we had ruled in several cases that three (3) months from receipt of the challenged decision, order or resolution was a reasonable period within which to institute a certiorari proceeding.^[17] Thus, in *People vs. Magallanes*,^[18] the lapse of nine to ten months before assailing a denial of bail was no longer considered reasonable. Furthermore, in *Cruz vs. Court of Appeals*,^[19] where certiorari was sought after more than two years, we held that there was unreasonable delay in the filing of the petition. We also ruled that laches sets in after an interval of seven months^[20] or of ninety-nine days^[21] has passed since the rendition of the order sought to be set aside.

Indeed, if "three months" is to be used as the yardstick for filing an action for

certiorari, the present petition should have been dismissed long ago. In view, however, of this Court's past pronouncements^[22] that cases involving sequestered corporations are "endowed with public interest and involve a matter of public policy"; and in order to dispose, once and for all, the recurring issues herein raised, we (1) resolved on May 22, 1995, to note without action private respondents' Motion to Dismiss and (2) reiterated the March 25, 1995 Resolution requiring them to comment on the petition. In effect, the "three-month rule" was suspended, but only in regard to this case.

The Court's Ruling

After a careful study and analysis of both parties' arguments, as well as the applicable law and jurisprudence, we find the petition to be without merit.

First Issue: Validity of Sequestration Orders Signed by Only One Commissioner

Section 3 of the PCGG Rules and Regulations, which took effect immediately after its promulgation on April 11, 1986, explicitly provides:

"Sec. 3. Who may issue. A writ of sequestration or a freeze or hold order may be issued by the Commission upon the authority of at least two Commissioners, based on the affirmation or complaint of an interested party or motu proprio when the Commission has reasonable grounds to believe that the issuance thereof is warranted."

Undisputed is the fact that only one commissioner, the late Mary Concepcion Bautista, signed the two sequestration orders subject of this petition. To support its contention that there is no need for the signatures of two commissioners authorizing said orders, petitioner submits this excerpt^[23] from the minutes of a PCGG meeting held on October 15, 1987:

"The authority of at least two commissioners which is required under Sec. 3 of the PCGG Rules and Regulations may be written or verbal authority. Such authority may be reflected in the Minutes of the Commission Meeting held en banc covering the pertinent recommendation/approval on the issuance of the order; or the Commissioner-in-charge intending to issue the Order may simply obtain the concurrence of another Commissioner after explaining the evidence supporting such order.

It is sufficient for only one Commissioner to sign the Order 'FOR THE COMMISSION'. After April 11, 1986, the Commission has encouraged the practice of two Commissioners signing the Order."

Generally, the interpretation of an administrative government agency, which is tasked to implement a statute, is accorded great respect and ordinarily controls the construction of the courts.^[24] The reason behind this rule was explained in *Nestle Philippines, Inc. vs. Court of Appeals*^[25] in this wise:

"The rationale for this rule relates not only to the emergence of the multifarious needs of a modern or modernizing society and the

establishment of diverse administrative agencies for addressing and satisfying those needs; it also relates to the accumulation of experience and growth of specialized capabilities by the administrative agency charged with implementing a particular statute. In *Asturias Sugar Central, Inc. vs. Commissioner of Customs*^[26] the Court stressed that executive officials are presumed to have familiarized themselves with all the considerations pertinent to the meaning and purpose of the law, and to have formed an independent, conscientious and competent expert opinion thereon. The courts give much weight to the government agency or officials charged with the implementation of the law, their competence, expertness, experience and informed judgment, and the fact that they frequently are the drafters of the law they interpret."

As a general rule, contemporaneous construction is resorted to for certainty and predictability in the laws,^[27] especially those involving specific terms having technical meanings.

However, courts will not hesitate to set aside such executive interpretation when it is clearly erroneous, or when there is no ambiguity in the rule,^[28] or when the language or words used are clear and plain or readily understandable to any ordinary reader^[29] without need for interpretation or construction.

The construction advanced by petitioner creates rather than clears ambiguity. The fair and sensible interpretation of the PCGG Rule in question is that the authority given by two commissioners for the issuance of a sequestration, freeze or hold order should be evident in the order itself. Simply stated, the writ must bear the signatures of two commissioners, because their signatures are the best evidence of their approval thereof. Otherwise, the validity of such order will be open to question and the very evil sought to be avoided -- the use of spurious or fictitious sequestration orders -- will persist. The corporation or entity against which such writ is directed will not be able to visually determine its validity, unless the required signatures of at least two commissioners authorizing its issuance appear on the very document itself. The issuance of sequestration orders requires the existence of a *prima facie* case. The two-commissioner rule is obviously intended to assure a collegial determination of such fact. In this light, a writ bearing only one signature is an obvious transgression of the PCGG Rules.

Inasmuch as sequestration tends to impede or limit the exercise of proprietary rights by private citizens,^[30] it should be construed strictly against the state, pursuant to the legal maxim that statutes in derogation of common rights are in general strictly construed and rigidly confined to cases clearly within their scope and purpose.^[31] As Mme. Justice Ameurфина Melencio-Herrera aptly said:

"Sequestration is an extraordinary, harsh, and even severe remedy. It should be confined to its lawful parameters and exercised, with due regard, in the words of its enabling laws, to the requirements of fairness, due process, and justice."^[32]

Concededly, even the exercise of the "inherent and plenary" police power of the state to impose restrictions on property rights is subject to the conditions of reasonableness, public welfare, and necessity.^[33]