

THIRD DIVISION

[G.R. No. 207619, April 26, 2021]

ECJ AND SONS AGRICULTURAL ENTERPRISES, BALETE RANCH, INC., CHRISTENSEN PLANTATION, INC., AUTONOMOUS DEVELOPMENT CORPORATION, METROPLEX COMMODITIES, INC., LUCENA OIL FACTORY, INC., AND PCY OIL MANUFACTURING CORPORATION, PETITIONERS, VS. PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT, RESPONDENT.

DECISION

LEONEN, J.:

Sequestration ends when the sequestered properties are judicially determined as ill-gotten or not. The sequestration order is rendered *functus officio* when the properties' ownership has been conclusively determined.

This Court resolves a Petition for Review on Certiorari^[1] assailing the Resolutions^[2] of the Sandiganbayan, which upheld the sequestration of the United Coconut Planters Bank shares of stock held by ECJ and Sons Agricultural Enterprises, Balete Ranch, Inc., Christensen Plantation, Inc., Autonomous Development Corporation, Metroplex Commodities, Inc., Lucena Oil Factory, Inc., and PCY Oil Manufacturing Corporation (collectively, ECJ and Sons, et al.).

ECJ and Sons, et al. were stockholders of record of United Coconut Planters Bank, owning and holding 100,085,214 shares of the bank's outstanding capital stock.^[3]

On May 9, 1986, the Presidential Commission on Good Government issued a Writ of Sequestration^[4] against Autonomous Development Corporation's assets, properties, records, and documents, including its United Coconut Planters Bank shares. The writ was registered with the Sandiganbayan as Sequestration Order No. 86-0089.^[5]

A second Writ of Sequestration^[6] was issued on June 6, 1986 against ECJ and Sons, et al.,^[7] among others, for their shares of stock in United Coconut Planters Bank, registered as Sequestration Order No. 86-0126.^[8]

On July 31, 1987, the Presidential Commission on Good Government instituted, among others, Civil Case No. 0033 against Eduardo Cojuangco, Jr. and 60 other defendants, on sequestration orders over the companies Philippine Coconut Producers Federation, Inc. (COCOFED), Cocomark, and Coconut Investment Company, and shares of stock in United Coconut Planters Bank, and the so-called "CIIF"^[9] and "Cojuangco companies."^[10] Civil Case No. 0033 was later divided into eight complaints,^[11] among which was Civil Case No. 0033-A. This subcase, involving the allegedly anomalous purchase and use of United Coconut Planters

Bank,^[12] named ECJ and Sons, et al. as among the assets of Eduardo Cojuangco, Jr.^[13]

In Civil Case No. 0033-A, the Presidential Commission on Good Government impleaded Eduardo Cojuangco, Jr., Ferdinand E. Marcos, Imelda R. Marcos, Jose R. Eleazar, Jr., Maria Clara Lobregat, Juan Ponce Enrile, Danilo Ursua, and Herminigildo C. Zayco as defendants.^[14] It prayed for the reconveyance to the government of the United Coconut Planters Bank shares purchased with P85,773,100.00, which had been taken from the Coconut Consumers Stabilization Fund. It also prayed for the reconveyance of other properties, including ECJ and Sons, et al., allegedly acquired through abuse of right and power and unjust enrichment.^[15]

On January 7, 1991, ECJ and Sons, et al. filed before the Sandiganbayan a Petition for Certiorari, Prohibition, and Injunction,^[16] assailing the validity of the two sequestration orders. They claimed that there was no *prima facie* evidence to show that their shares were ill-gotten. They added that the sequestration orders were deemed lifted since the Presidential Commission on Good Government did not file any judicial action against them within six months from the issuance of the orders, as required in Article XVIII, Section 26 of the Constitution.^[17] The Petition was docketed as Civil Case No. 0112.^[18]

On June 9, 2011, the Sandiganbayan issued a Decision^[19] granting ECJ and Sons; et al.'s Petition. The dispositive portion of the Decision reads:

WHEREFORE, in light of all the foregoing, the petition is GRANTED. The writ of sequestration, dated May 9, 1986 (No. 86-0089) against "all assets, properties, records and documents of AUTONOMOUS DEVELOPMENT CORPORATION", and the writ of sequestration, dated June 6, 1986 (No. 86-0126) against the shares of stocks of ECJ AND SONS AGRICULTURAL ENTERPRISES, INC., BALETE RANCH, INC., CHRISTENSEN PLANTATION, INC., METROPLEX COMMODITIES, INC., LUCENA OIL FACTORY, INC. and PCY OIL MANUFACTURING, INC. are declared void and are hereby LIFTED.

SO ORDERED.^[20] (Emphasis in the original)

The Sandiganbayan found that with Civil Case No. 0033 filed on July 31, 1987, a judicial action was properly instituted within the six-month period.^[21] It explained that despite ECJ and Sons, et al. not being included in Civil Case No. 0033, this Court, in *Republic v. Sandiganbayan (First Division)*,^[22] has ruled that the failure to implead firms was a mere technical defect that could be corrected at any stage of the proceedings.^[23] In any case, it noted, the firms were subsequently impleaded in Civil Case No. 0033.^[24]

However, the Sandiganbayan found that there was no *prima facie* evidence that ECJ and Sons, et al.'s United Coconut Planters Bank shares were ill-gotten wealth. It ruled that the alleged proof of the ill-gotten nature of the shares of stock-financial statements, certificates of incorporation, and lawyers' affidavits-were not shown to have existed before the sequestration orders were issued, or were presented and considered in meetings of the Presidential Commission on Good Government.^[25] It

added that the sequestration orders were not signed by at least two Presidential Commission on Good Government commissioners,^[26] contrary to Section 3 of the Presidential Commission on Good Government Rules and Regulations.^[27]

Thus, the Sandiganbayan held that the Presidential Commission on Good Government gravely abused its discretion when it issued the two writs of sequestration.^[28]

Meanwhile, in Civil Case No. 0033-A, COCOFED and others filed a Class Action Motion for a Separate Summary Judgment, and the Republic of the Philippines filed a Motion for Partial Summary Judgment^[29] Among the prayers of the Republic in its Motion were:

b. that defendant Eduardo M. [Cojuangco], Jr. and his fronts, nominees and dummies, including but not limited to, Anchor Insurance Brokerage Corporation, Archipelago Finance Leasing Corporation, Autonomous Development Corporation, Balete Ranch, Inc., Cagayan De Oro Oil Co., Inc., Christensen Plantation Co., ECJ and Sons Agricultural Enterprises, Inc., Granexport Manufacturing Corporation, Iligan Coconut Industries, Inc., Legaspi Oil Co., Inc., Lucena Oil Co., Inc., Lucena Oil Factory, Inc., Metroplex Commodities, Inc., PCY Oil Manufacturing Corporation, Jesus M. Pineda, Narciso M. Pineda, San Pablo Manufacturing Corporation, Southern Luzon Coconut Oil Mills, United Janitorial & Manpower Services Corporation and Danilo S. Ursua, have not legally and validly obtained title over the subject UCPB shares; and

c. that the government is the lawful and true owner of the subject UCPB shares registered in the names of defendant Eduardo M. Cojuangco, Jr. and the entities and persons, above-enumerated, for the benefit of all coconut farmers, and commanding that said ownership be entered in the books of UCPB and that new stock certificates in the name of the government be issued.^[30] (Citations omitted)

Resolving these motions, the Sandiganbayan rendered a July 11, 2003 Partial Summary Judgment,^[31] holding among others that:

4. The UCPB shares of stock of the alleged fronts, nominees and dummies of defendant Eduardo M. Cojuangco, Jr. which form part of the 72.2% shares of the FUB/UCPB paid for by the PCA with public funds later charged to coconut levy funds, particularly the CCSF, *belong to the plaintiff Republic of the Philippines as their true and beneficial owner.*^[32] (Emphasis supplied)

On November 27, 2012, this Court affirmed but modified the Partial Summary Judgment in *Cojuangco, Jr. v. Republic*^[33] The dispositive portion reads:

WHEREFORE, Part C of the appealed Partial Summary Judgment in Sandiganbayan Civil Case No. 0033-A is **AFFIRMED** with modification. As **MODIFIED**, the dispositive portion in Part C of the Sandiganbayan's Partial Summary Judgment in Civil Case No. 0033-A, shall read as follows:

C. Re: MOTION FOR PARTIAL SUMMARY JUDGMENT (RE: EDUARDO M. COJUANGCO, JR.) dated September 18, 2002 filed by Plaintiff.

1. Sec. 1 of P.D. No. 755 did not validate the Agreement between PCA and defendant Eduardo M. Cojuangco, Jr. dated May 25, 1975 nor did it give the Agreement the binding force of a law because of the non-publication of the said Agreement.

2. The Agreement between PCA and defendant Eduardo M. Cojuangco, Jr. dated May 25, 1975 is a valid contract for having the requisite consideration under Article 1318 of the Civil Code.

3. The transfer by PCA to defendant Eduardo M. Cojuangco, Jr. of 14,400 shares of stock of FUB (later UCPB) from the "Option Shares" and the additional FUB shares subscribed and paid by PCA, consisting of

- a. Fifteen Thousand Eight Hundred Eighty-Four (15,884) shares out of the authorized but unissued shares of the bank, subscribed and paid by PCA;
- b. Sixty Four Thousand Nine Hundred Eighty (64,980) shares of the increased capital stock subscribed and paid by PCA; and
- c. Stock dividends declared pursuant to paragraph 5 and paragraph 11 (iv) (d) of the PCA-Cojuangco Agreement dated May 25, 1975 or the so-called "Cojuangco-UCPB shares"

is declared unconstitutional, hence null and void.

4. The above-mentioned shares of stock of the FUBI/UCPB transferred to defendant Cojuangco are hereby declared conclusively owned by the Republic of the Philippines to be used only for the benefit of all coconut farmers and for the development of the coconut industry, and ordered reconveyed to the Government.

5. The UCPB shares of stock of the alleged fronts, nominees and dummies of defendant Eduardo M. Cojuangco, Jr. which form part of the 72.2% shares of the FUB/UCPB paid for by the PCA with public funds later charged to the coconut levy funds, particularly the CCSF, belong to the plaintiff Republic of the Philippines as their true and beneficial owner.

Accordingly, the instant petition is hereby **DENIED**.

Costs against petitioner Cojuangco.

SO ORDERED.^[34] (Emphasis in the original)

Meanwhile, upon reconsideration, the Sandiganbayan reversed its June 9, 2011 Decision and reinstated the sequestration orders in a December 21, 2012 Resolution.^[35] Its dispositive portion reads:

WHEREFORE, in light of all the foregoing, respondent PCGG's Motion for Reconsideration, dated July 5, 2011, is **GRANTED**. Accordingly, Writ of Sequestration Order No. 86 0089, dated May 9, 1986, and Writ of Sequestration Order No. 86-0216, dated June 6, 1986, are hereby **RESTORED**.

SO ORDERED.^[36] (Emphasis in the original)

The Sandiganbayan applied this Court's Decision in *Republic v. COCOFED*^[37] and the modified Partial Summary Judgment in *Cojuangco, Jr.*^[38] It held that the United Coconut Planters Bank shares held by ECJ and Sons, et al. were part of the ill-gotten properties in Civil Case No. 0033-A.^[39]

To the Sandiganbayan, this Court's pronouncement in *COCOFED* that the United Coconut Planters Bank sequestered shares were public in nature settled all issues on the validity of the sequestration orders. Moreover, if the sequestration orders were to be lifted, this would be detrimental to the government's right to vote the sequestered shares.^[40]

On June 17, 2013, the Sandiganbayan issued a Resolution^[41] denying ECJ and Sons, et al.'s Motion for Reconsideration. It held that *Cojuangco, Jr.* and *COCOFED* applied to ECJ and Sons, et al.'s shares in United Coconut Planters Bank.^[42] *COCOFED* particularly affirmed the public nature of all United Coconut Planters Bank shares subject of Civil Cases No. 0033-A, 0033-B, and 0033-F, which included those held by ECJ and Sons, et al.^[43] According to the Sandiganbayan, if ECJ and Sons, et al. were not truly covered by the 72.2% as stated in the Partial Summary Judgment, they should have presented their evidence in Civil Case No. 0033-A.^[44]

On August 8, 2013, after having moved for extension,^[45] ECJ and Sons, et al. filed before this Court a Petition for Review on Certiorari.^[46]

Petitioners argue that the Sandiganbayan erred when it restored the writs of sequestration. They say it should not have considered *COCOFED* and *Cojuangco, Jr.* because these cases did not involve petitioners' shares.^[47]

First, petitioners claim that the issue on whether property is ill-gotten wealth is a question of fact, which the Sandiganbayan had allegedly resolved in its June 9, 2011 Decision, based on the evidence presented during the proceedings. On the other hand, *COCOFED* and *Cojuangco, Jr.* were not part of the evidence presented.^[48]