

THIRD DIVISION

[G.R. No. 201931, February 11, 2015]

**DOÑA ADELA^[1] EXPORT INTERNATIONAL, INC., PETITIONER,
VS. TRADE AND INVESTMENT DEVELOPMENT CORPORATION
(TIDCORP), AND THE BANK OF THE PHILIPPINE ISLANDS (BPI),
RESPONDENTS.**

D E C I S I O N

VILLARAMA, JR., J.:

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision^[2] dated November 15, 2011 and the Order^[3] dated May 14, 2012 of the Regional Trial Court (RTC) of Mandaluyong City, Branch 211 in SEC Case No. MC06-103 for Voluntary Insolvency. The RTC approved the Joint Motion to Approve Agreement filed by respondents Trade and Investment Development Corporation of the Philippines (TIDCORP) and the Bank of the Philippine Islands (BPI). Respondents stipulated in their agreement that petitioner shall waive its rights to confidentiality under the provisions of the Law on Secrecy of Bank Deposits and the General Banking Law of 2000.

The facts follow:

On August 23, 2006, petitioner Doña Adela Export International, Inc., (petitioner, for brevity) filed a Petition for Voluntary Insolvency.^[4] The case was docketed as SEC Case No. MC06-103 and raffled off to the RTC of Mandaluyong City, Branch 211.

On August 28, 2006, the RTC, after finding the petition sufficient in form and substance, issued an order declaring petitioner as insolvent and staying all civil proceedings against petitioner. In the same order, the RTC set the initial hearing on October 19, 2006.^[5]

Thereafter, Atty. Arlene Gonzales was appointed as receiver. After taking her oath, Atty. Gonzales proceeded to make the necessary report, engaged appraisers and required the creditors to submit proof of their respective claims.

On October 22, 2010, Atty. Gonzales filed a Motion for Parties to Enter Into Compromise Agreement^[6] incorporating therein her proposed terms of compromise, the pertinent portion of which reads:

1. The remaining assets of the Petitioner Dona Adela Export Int'l., Inc., (Dona Adela) consists of the following:

<u>Asset</u>	<u>Appraised Value</u>	<u>Remarks</u>
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1.1 Land	P5,616,000	w/ REM to TRC
1.2 Building	6,480,000	w/ REM to TRC
1.3 Sewing machines	942,000	w/o chattel mortgage to TRC (sic)
1.4 Sewing machines	755,000	w/chattel mortgage
1.5 Furnitures and Fixtures		w/o appraised value

The detailed list of the abovementioned assets and the corresponding appraised value is attached hereto as Annex A;

2. The claims of the creditors of Petitioner previously submitted with their respective proofs of claim are shown below:

NAME OF CREDITOR	AMOUNT
Technology Resource Center	29,546,342.45
BPI	11,069,575.82
*TIDCORP	
City of Mandaluyong as of 3/25/09	1,061,370.12

*TIDCORP has not yet submitted its peso amount of claim

x x x x

WHEREFORE, undersigned receiver respectfully proposed for the concerned parties of this (sic) proceedings to enter into a compromise Agreement under the following terms and conditions:

- a. That the remaining assets of the Petitioner mentioned under 1 above be assigned and applied to their respective claims in the following manner:
 - a.1. The real estate property mentioned under 1.1 and 1.2 above with real estate mortgage (REM) to Technology Resource Center (TRC) be assigned and applied to its credit. All costs and expenses for the transfer of the registration of the said property, including its unpaid real estate taxes due to the City of Mandaluyong, and cost for cancellation of real estate mortgage shall be borne by TRC.
 - a.2. For TRC to assign and waive its rights over the sewing machines and equipments under chattel mortgage to it mentioned under 1.3 above as its share for the administrative costs of this proceedings.
 - a.3. To assign to BPI and TIDCORP the sewing machines and equipments mentioned under 1.3 and 1.4 above in proportion with their credits.
 - a.4. All other remaining assets of Petitioner under 1.5 above be assigned to the Court-appointed receiver, Atty. Arlene T. Gonzales

for payment of receiver's fees.

- a.5. All other administrative expenses, if any, shall be for the account of TRC, BPI and TIDCORP, in proportion to their respective credits.
- b. That for the abovementioned purpose mentioned under 3.a. above, the appraisal value of the property (as appraised by Royal Asia Appraisers which was previously submitted to the Honorable Court) be made as the basis in determining the value of the properties; and the amount of the claims that will be approved by this Honorable Court be made as the basis in the determination of the amount of credits due to the respective creditors.
- c. Furthermore, that the Compromise Agreement being proposed herein shall be without prejudice to rights of the creditors to enforce actions against other debtors who are jointly and solidarily liable with the petitioner.
- d. Finally, that the petitioner, Dona Adela Int'l., Inc., be discharged from its debts to the party-creditors by virtue of the Compromise Agreement as being proposed herein.^[7]

On May 26, 2011, petitioner, through its President Epifanio C. Ramos, Jr., and Technology Resource Center (TRC) entered into a *Dacion En Pago* by Compromise Agreement^[8] wherein petitioner agreed to transfer a 351-square meter parcel of land covered by TCT No. 10027 with existing improvements situated in the Barrio of Jolo, Mandaluyong City, in favor of TRC in full payment of petitioner's obligation. The agreement bears the conformity of Atty. Gonzales as receiver. TRC filed on May 26, 2011 a Compliance, Manifestation and Motion to Approve *Dacion En Pago* by Compromise Agreement.^[9]

On August 11, 2011, creditors TIDCORP and BPI also filed a Joint Motion to Approve Agreement^[10] which contained the following terms:

1. **OBLIGATION OF PETITIONER.** – The parties agree that the outstanding principal obligation of petitioner to TIDCORP shall be in the amount of **NINE MILLION FORTY-FOUR THOUSAND SEVEN HUNDRED EIGHT & 15/100 PESOS (P9,044,708.15)**, while to BPI in the amount of **ELEVEN MILLION SIXTY NINE THOUSAND FIVE HUNDRED SEVENTY FIVE & 82/100 PESOS (P11,069,575.82)**.
2. **SETTLEMENT.** – TIDCORP and BPI both hereby agree to accept all the machineries in petitioner's inventory set aside pursuant to the *Motion for Parties to Enter Into Compromise Agreement* dated 18 October 2010 filed by the Receiver, Atty. Arlene T. Gonzales. The said machineries valued at **THREE HUNDRED FIFTY THOUSAND PESOS (P350,000.00)** shall be divided equally between TIDCORP

and BPI.

3. **SETTLEMENT OF CLAIMS.** – TIDCORP and BPI hereby agree that acceptance of the abovementioned settlement shall constitute payment of petitioner's aforesaid obligation pursuant to Act No. 1956 (*Insolvency Act*). However, the benefit of payment under the said Insolvency Act shall only be in favor of petitioner and shall not in any manner affect the claims of TIDCORP and BPI as against its sureties and/or guarantors.
4. **EXPENSES AND TAXES.** – All necessary expenses, including but not limited to, fees of the Receiver, documentation and notarization, as well as all fees incurred or to be incurred in connection to the full implementation of this Agreement shall be for the account of Mr. Epifanio C. Ramos, Jr.

All taxes and fees incurred or to be incurred including but not limited to gross receipts tax shall be for the account of the petitioner.

5. **WAIVER OF CONFIDENTIALITY.** – The petitioner and the members of its Board of Directors shall waive all rights to confidentiality provided under the provisions of Republic Act No. 1405, as amended, otherwise known as the Law on Secrecy of Bank Deposits, and Republic Act No. 8791, otherwise known as The General Banking Law of 2000. Accordingly, the petitioner and the members of its Board of Directors by these presents grant TIDCORP and BPI access to any deposit or other accounts maintained by them with any bank. For this purpose, the petitioner and the members of its Board of Directors shall authorize TIDCORP and BPI to make, sign, execute and deliver any document of whatever kind or nature which may be necessary or proper to allow them access to such deposits or other accounts.

TIDCORP and BPI shall be further authorized to delegate to any person, who may exercise in their stead, any or all of the powers and authority herein granted to them or substitute any person in their place to do and perform said powers and authority.

18. **HOLD FREE AND HARMLESS.** – The petitioner shall indemnify and hold TIDCORP and BPI, their respective Board of Directors, and officers free and harmless against any liability or claim of whatever kind or nature which may arise from, or in connection with, or in relation to this Agreement.^[11] (Underscoring supplied)

Epifanio Ramos, Jr. filed a Manifestation and Motion to the Proposed Compromise Agreement^[12] of TIDCORP and BPI wherein he stated that petitioner has a personality separate and distinct from its stockholders and officers. He argued that he cannot be held liable for the expenses and taxes as a consequence of the auction or distribution/payment of said machineries to the creditors; hence, his name should be deleted as a party to the Compromise Agreement.

Likewise, Atty. Gonzales filed a Manifestation and Comment (On *Dacion En Pago* by Compromise Agreement with TRC and Joint Motion to Approve Agreement of BPI and TIDCORP) with Motion for Payment of Administrative Expenses and Receiver's Fees.^[13] Atty. Gonzales manifested that she is entitled to payment of administrative expenses and receiver's fees in the total amount of P740,200.00. She further stated that it is just and fair for her to ask her due for services rendered as officer of the Court from TRC who benefitted the most from the insolvency proceedings; and, that she is waiving the administrative expenses and receiver's fees due from TIDCORP and BPI.

In its Comment,^[14] TRC requested that the receiver's fee be reduced to P106,000.00. In her Reply,^[15] Atty. Gonzales said that she will accept the amount of P106,000.00 being offered by TRC.

On November 15, 2011, the RTC rendered the assailed Decision approving the *Dacion En Pago* by Compromise Agreement and the Joint Motion to Approve Agreement, to wit:

WHEREFORE, premises considered, judgment is hereby rendered based on the foregoing exchange of pleadings, as follows:

1. Finding the aforequoted *Dacion En Pago* by Compromise Agreement dated May 26, 2011 executed by and between Dona Adela Export International, Inc., represented by its president Epifanio C. Ramos, Jr., and Technology Resource Center, represented by its Director General Dennis L. Cunanan, to be in order and not contrary to law, morals, good customs, public order or public policy, and the fact that the Court-Appointed Receiver in her Reply filed on October 24, 2011 intimated her conformity to the *Dacion En Pago* by Compromise Agreement, the same is hereby **APPROVED** and is made the basis of this judgment;
2. As regards the Joint Motion to Approve Agreement dated July 29, 2011, filed by creditors Trade and Investment Development Corporation of the Philippines and the Bank of the Philippine Islands, with the exception of paragraph 4 thereof pertaining to Expenses and Taxes, the same is likewise **APPROVED**, for the same is not contrary to law, morals, good customs, public order or public policy, and the fact that the Court-Appointed Receiver in her Reply filed on October 24, 2011 intimated her conformity to said Joint Motion to Approve Agreement;
3. Pursuant to its Comment filed on October 19, 2011, Technology Resource Center is hereby ordered to pay the Court-Appointed Receiver, Atty. Arlene T. Gonzales the sum of P106,000.00, representing its proportionate share of the administrative expenses incurred by the receiver with legal interest from date of termination of this insolvency proceedings.