

## SECOND DIVISION

[ G.R. No. 192302, June 04, 2014 ]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE ANTI-MONEY LAUNDERING COUNCIL, PETITIONER, VS. RAFAEL A. MANALO, GRACE M. OLIVA, AND FREIDA Z. RIVERA-YAP, RESPONDENTS.**

### R E S O L U T I O N

**PERLAS-BERNABE, J.:**

Assailed in this petition for review on *certiorari*<sup>[1]</sup> are the Decision<sup>[2]</sup> dated May 21, 2009 and the Resolution<sup>[3]</sup> dated May 17, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 10272<sup>[4]</sup> which nullified and set aside the Joint Order<sup>4</sup> dated August 8, 2007 and the Order<sup>5</sup> dated January 10, 2008 of the Regional Trial Court (RTC) of Manila, Branch 24 (Manila RTC) in Civil Case Nos. 03-107325 and 03-107308, denying the separate Motions for Leave to Intervene and Admit Attached Answer-in-Intervention filed by respondents Rafael A. Manalo, Grace M. Oliva, and Freida Z. Rivera-Yap (respondents).

#### The Facts

On July 18, 2003, petitioner Republic of the Philippines (Republic), represented in this case by the Anti-Money Laundering Council (AMLC), filed a complaint for civil forfeiture, entitled "*Republic v. R.A.B. Realty, Inc., et al.*,"<sup>[6]</sup> docketed as Civil Case No. 03-107308, before the Manila RTC. Subsequently, or on July 21, 2003, it filed a second complaint for civil forfeiture, entitled "*Republic v. Ariola, Jr., et al.*,"<sup>[7]</sup> docketed as Civil Case No. 03-107325 (collectively, civil forfeiture cases), also before the same RTC.<sup>[8]</sup> In the said civil forfeiture cases, the Republic sought the forfeiture in its favor of certain deposits and government securities maintained in several bank accounts by the defendants therein, which were related to the unlawful activity of fraudulently accepting investments from the public,<sup>[9]</sup> in violation of the Securities Regulation Code<sup>[10]</sup> as well as the Anti-Money Laundering Act of 2001.<sup>[11]</sup>

On September 25 and 27, 2006, herein respondents filed separate Motions for Leave to Intervene and Admit Attached Answer-in- Intervention<sup>[12]</sup> (separate motions for intervention), in the civil forfeiture cases, respectively, alleging, *inter alia*, that they have a valid interest in the bank accounts subject thereof. In this relation, they asserted that in a separate petition for involuntary insolvency proceedings, *i.e.*, Spec. Proc. Case No. 03-026 filed before the RTC of Makati City, Branch 204 (insolvency case), they were appointed as assignees of the properties of Spouses Saturnino and Rosario Baladjay (Sps. Baladjay) (as well as their conduit companies)

who were impleaded as defendants in the aforementioned civil forfeiture cases.<sup>[13]</sup>

### **The Manila RTC Ruling**

On August 8, 2007, the Manila RTC rendered a Joint Order<sup>14</sup> denying respondents' separate motions for intervention, citing Section 35 of the Rule of Procedure in Cases of Civil Forfeiture<sup>15</sup> (Civil Forfeiture Rules) which states:

Sec. 35. *Notice to file claims.* - Where the court has issued an order of forfeiture of the monetary instrument or property in a civil forfeiture petition for any money laundering offense defined under Section 4 of Republic Act No. 9160, as amended, **any person who has not been impleaded nor intervened claiming an interest therein may apply, by verified petition, for a declaration that the same legitimately belongs to him and for segregation or exclusion of the monetary instrument or property corresponding thereto.** The verified petition shall be filed with the court which rendered the order of forfeiture within fifteen days from the date of finality of the order of forfeiture, in default of which the said order shall be executory and bar all other claims. (Emphasis supplied)

In view of the remedy stated in the foregoing provision, the Manila RTC thus ratiocinated that respondents "need not unduly worry as they are amply protected in the event the funds subject of the instant case are ordered forfeited in favor of the [Republic]."<sup>[16]</sup>

Dissatisfied, respondents moved for reconsideration, which was likewise denied by the Manila RTC in an Order<sup>[17]</sup> dated January 10, 2008, prompting them to elevate the case to the CA on *certiorari*.<sup>[18]</sup>

### **The CA Ruling**

In a Decision<sup>[19]</sup> dated May 21, 2009, the CA granted respondents' petition, ruling that the Manila RTC gravely abused its discretion in denying respondents' separate motions for intervention. It found that respondents were able to establish their rights as assignees in the insolvency case filed by Sps. Baladjay. As such, they have a valid interest in the bank accounts subject of the civil forfeiture cases.<sup>[20]</sup> Moreover, a reading of Section 35 of the Civil Forfeiture Rules as above-cited revealed that there is nothing therein that prohibits an interested party from intervening in the case before an order of forfeiture is issued.<sup>[21]</sup>

Feeling aggrieved, the Republic moved for reconsideration which was, however, denied by the CA in a Resolution<sup>[22]</sup> dated May 17, 2010, hence, this petition.

### **The Issue Before the Court**

The essential issue for the Court's resolution is whether or not the CA erred in holding that the Manila RTC committed grave abuse of discretion in issuing the Joint Order dated August 8, 2007 and the Order dated January 10, 2008 which denied